--Accelerated disbursements under existing and new commitments to ensure timely implementation of high-priority projects; and
--Expanded advisory services on the design and implementation of appropriate policies.

The World Bank has so far lent $4.3 billion to the Philippines for 96 projects.

CSO: 4200/496

POWER CORPORATION SCORES WORLD BANK CREDIT CONDITIONS

HK041501 Manila PHILIPPINES DAILY EXPRESS in English 4 Mar 85 pp 2, 10

[Article by Arleen Chipongian]

[Text] State-owned National Power Corp. (Napocor) assailed the World Bank [WB] for its strict credit conditions and tendency to "dip its fingers into every detail of the funded projects."

Federico Puno, Napocor senior vice president for finance, said that government agencies prefer obtaining credit lines from commercial sources because in addition to low interest rates they offer, these institutions do not require high percentage rate of return on investments (ROI).

The WB imposes an eight percent ROI.

Puno told the DAILY EXPRESS Napocor has not availed itself of any credit facility from the WB since 1977.

He added that foreign lenders have become wary extending loans to the country as a result of the October 1983 moratorium, but government agencies are confident that once the restructuring negotiations are completed, they can always get foreign commercial loans and export credits.

Puno said $91 million of previously approved loans from commercial institution were withdrawn last October, but $67 million will be given back this year because of the restructuring negotiations.

The last loan the power company obtained in 1977 worth about $58 million was not part of the $91 million loan, he said.

Since 1977, Napocor has not approached WB for a new loan.

Earlier, the WB said in a study that it would not grant a $91 million loan earlier approved for Napocor even after the ongoing debt restructuring talks because capability has been seriously hampered; its capacity to get foreign commercial loans has been seriously impaired.

But, Puno said the WB study was apparently based on old data, although it was released last January.

Puno also refuted the WB claim that investment contributions from "internal cash generation" of Napocor will only be 22 percent, or below the target of 28 percent.

He said the government limits Napocor's rates so that earnings would be enough to make 22 percent investments contribution.

He added the low investments from Napocor's revenues, was also a condition of the Asian Development Bank. In fact, he added, the ADB wanted only a 20 percent investment capital.

Puno also said the delay in the rehabilitation of oil-fired power plants was beyond the control of the power firm.

He explained that $100 million which was supposed to be extended by the Japanese Export Import Bank (Japan Eximbank) did not materialize as a result of the moratorium.

"It so happened that the targetted rehabilitation of the Malaya and Sucat oil-fired power plants were scheduled late 1983, and the moratorium was declared October 1983," he said.

CSO: 4200/594

CONTINUING REPORTAGE ON WORLD BANK MANILA VISIT

Official on Economic Recovery

hk281555 Manila BULLETIN TODAY in English 28 Feb 85 pp 25, 23

[Article by Loreto Cabanes]

[Text] A high-ranking official of the World Bank (WB) declared last night the current economic situation in the Philippines was "difficult" but "under control" and that the international institution was ready to continue lending its financial support to the country.

Speaking before the Harvard Club of the Philippines, Attila Karaosmanoglu, vice president of the World Bank for East Asia and Pacific Region, said that "no marked recovery" was in sight for the Philippines which is still caught up in a severe financial trouble.

But he pointed out that the response made by the government to the crisis had brought the situation under control. He cited the agenda for policy reforms prepared by the government which are intended to reduce the public sector deficit and normalize the external payments situation.

The World Bank official also noted that the financial plan for the country is now in place and that the stabilization and recovery program is now underway.

Karaosmanoglu, however, emphasized that "continuing the implementation" of the program "in a timely manner" remains formidable and a challenge to the government, considering the sacrifices which have been and will be required of the Filipino people.

"The situation is difficult and to carry out a recovery program is not easy," he stressed. But the "cost to society of postponing the adjustment effort can even be higher," he added.

He stressed that the prospects for long-term development can only be improved "through sustained commitment to structural adjustment and policy reforms."

The World Bank has lent the Philippines to date developments loans totalling $4.3 billion. For the next five years, the bank reportedly plans to continue its lending to the country at the rate of $500 million to $550 million a year.

Karaosmanoglu pointed out that the most urgent reforms which the government must carry out pertained to agricultural incentives, export promotion, financial and public corporate sectors.

While financial discipline and stabilization are considered "vital and absolute prerequisites, only a resumption of economic growth and development will provide the real and lasting solutions to the problems of poverty, unemployment and debt of the Philippines, the World Bank executive said.

In committing, the support of the World Bank to the country's development program, he stated that the emphasis would be on policy reforms, institutional development and productive investments. Specifically, this pertained to agriculture, energy, transport, industry and social sectors.

At a time when the country will be implementing the stabilization and adjustment program for the economy, Karaosmanoglu warned, the international environment remains "uncertain."

Problems which only now have been contained may erupt once again if the economies of the OECD countries should falter over the next years.

Commodity prices are expected to recover slowly and are unlikely to reach the peaks attained in the late 1970's in the next 10 years.

$500 Million Loaned in 1984

HK270850 Quezon City MAHARLIKA BROADCASTING SYSTEM in English 27 Feb 85

[Text] The World Bank extended last year some $500 million in loans to the Philippines. World Bank Public Affairs Director Pastor Sison said the amount was part of the bank's ($4.3) billion loan to help finance the country's socio-economic development programs. Sison is one of the World Bank's two ranking Filipino officials. He is in Manila as part of the group of visiting World Bank officials led by Attila Karaosmanoglu, vice president for East Asia and the Pacific region.

CSO: 4200/496

OPLE WARNS SECURITY FORCES ON IMPAIRING TRADE UNIONS

Manila BULLETIN TODAY in English 3 Feb 85 p 4

[Text]

Labor and Employment Minister Blas F. Ople has warned government security forces against impairing the activities of legitimate trade unions.

Ople gave the warning in a speech during the closing session of a tripartite conference on labor relations sponsored by the Brotherhood of Asian Trade Unions in Bangkok last Friday.

He said there are groups which engage in acts to destabilize society and not to win economic benefits or added political rights for workers

These groups, he said, are sometimes joined by religious elements and seek to promote or hasten the development of a revolutionary situation.

Under a particular situation, he said, trade unionists surrender the initiative and moral legitimacy to extremists both out of fear and resignation.

"The graver danger arises where this kind of climate immobilizes the free and democratic trade union movement because the security threat has raised the costs of trade union organizing even to a prohibitive level because of personal hazards involved," Ople said.

He stressed that labor relations, while perceived to be an obstacle to development, can actually lead to higher levels of productivity.

Such productivity, Ople said, is the workers' main guarantee for higher living standards and more stable employment conditions.

The minister said, trade unions should take a long-term view of workers' interests and move forward on the basis of increased productivity.

This outlook, Ople said, seemed to have helped propel the development of other nations in Asia.

CSO: 4200/619-E

CENTRAL BANK GOVERNOR DISCUSSES POLICIES

HK280939 Manila BUSINESS DAY in English 27 Feb 85 18th Anniversary Special Report Supplement p 3

[Text] Before leaving a few weeks ago for the United States to finalize the documentation for the new loans and trade facility the country's bank-creditors will be extending, Central Bank [CB] governor, Jose B. Fernandez, Jr. was asked by BUSINESS DAY to give his views on some key points that would affect developments in the next 10 months. His responses were, as a CB governor, expectedly guarded. What could be gleaned, however, is the Central Bank is now planning a slightly looser monetary and foreign exchange payments policy than had been expected.

BUSINESS DAY: Considering that recently you said the 5.5 percent decline last year suggests the desirability of loosening up on imports, are you planning a higher level of imports that orginally was targetted in order to achieve some increase in GNP this year?

FERNANDEZ: The official targets as reflected in the Economic Memorandum actually provide for no increase in real GNP and for a small decline in imports in 1985. However, the government is still hopeful that a minimal increase in real GNP can be achieved this year without having to revise the projection for aggregate imports. The increase in real GNP which we hope can be achieved in 1985 can be reconciled with an overall decrease in imports because the latter is primarily due to a large increase in oil imports. Other imports, particularly of raw materials, are still projected to increase, thus enabling us to maintain and perhaps even achieve some real increase in GNP.

BUSINESS DAY: Are the targets for growth of money supply in 1985 (11 percent for reserve money; 13 percent for total liquidity) fixed or will the coming IMF negotiations result in tighter or looser targets?

FERNANDEZ: The targets are merely indicative. They have not been firmed up and can well be the subject of a renegotiation with the IMF.

BUSINESS DAY: Can you comment on our report that the Central Bank's "Economic Memorandum" assumed a peso exchange rate in the P23:$1 to P24:$1 range because the ratios of fiscal and current account deficits to GNP give peso and dollar values of the GNP?

FERNANDEZ: While the Economic Memorandum implicitly assumes a foreign exchange rate for 1985 higher than what is now prevailing, this was merely reflective of the original pre-floating exercise that was done in preparation of the economic adjustment program agreed upon with the IMF. Any such rate that might have been used in the Memorandum or which will be adopted in any revised program is largely for planning purposes.

BUSINESS DAY: According to the Paris Club agreement, 50 percent of obligations falling due before January 1 1985 will have to be paid this year on a staggered basis. Also, when the accords with banks, the new money and trade facilities are inked, we will have to be punctual in payments and eliminate the present policy of 75-day delays on interest payments. How much are these payments and will they be big enough to constitute a big push on the peso's exchange rate?

FERNANDEZ: The interest payments that will have to be made when the new money facility is in place will be covered by the first drawdown from the new money facility. We do not expect therefore that there will be any pressure on the exchange rate that will result from the lump-sum payment of interest arrears. Moreover, the amounts falling due under the Paris Club agreement which are now known will be budgeted to avoid any substantial pressure on the rate.

BUSINESS DAY: Bankers are saying that the $3 billion trade facility or the new loans of $925 million will not result in any significant improvement in the availability of foreign exchange this year--the trade facility merely formalizes what has been happening since the moratorium started while the $925 million will be used mostly for interest payments. Can you comment on this?

FERNANDEZ: As now projected, the first drawdown under the new money facility (amounting to $300 million) will be used mostly to keep interest payments current. Obviously, succeeding drawdowns under the new money facility will no longer be used for such payments as interest will have been kept current after the first drawdown. The financing package arranged with our creditors is intended to ease up our cash position. In fact if everything comes through as planned, we will have a big balance of payments surplus of $3.4 billion in 1985. With regard the trade facility, in view of the need of some banks to "top out" their commitments due to some reductions in outstandings as of October 17 1983, there should be some net availabilities to the economy. But the most important impact under the formalization of the trade facility would be the improvement of the terms under which international trade is financed for the business community.

BUSINESS DAY: The summer season is coming. Since Prime Minister Cesar Virata has explained that the bulge in government borrowings from the Central Bank in 1984 was due to increased infrastructure spending during the summer season, do you expect a similar "bulge" soon? What will the Central Bank be doing about this?

FERNANDEZ: As the first quarter is a dry season, government will most likely be engaging in some amount of infrastructure spending during this period but not by as much as in previous years because of constraints imposed under our economic adjustment program. Provision for such a "bulge" in government spending has been made in our monetary and reserve money budget and the Central Bank will take appropriate measures to counteract any expansionary pressures that may arise from such government spending.

CSO: 4200/496

DAILY VIEWS PROSPECTS FOR BUSINESS SECTOR

HK281339 Manila BUSINESS DAY in English 27 Feb 85 18th anniversary special report supplement p 9

[Article by Julie C. Del Castillo]

[Text] It is already redundant to say that business conditions will continue to be difficult for the rest of the year. It also needs no more rubbing in that despite the optimism of government technocrats in their pronouncements, the overall economic scenario has become and will continue to be less and less lucrative for industries to operate beyond more than just survival levels.

But perhaps it needs to be emphasized now that given the present poor business and economic conditions, industry will necessarily have to find ways to improve productivity levels not only in its factors of production but also in all facets of its operation.

For the manufacturing and export sectors, businessmen in general agree that the high cost of inputs and money (if at all available), high inflation rates, low productivity, and the contraction of both the domestic and export markets for local products will continue to drag industry down with the economy not only in the next ten months but also in the years immediately ahead.

Many in the business sector believe that a possible way for the economy to get out of the present crisis is for it to adopt soon an agro-industrial development strategy.

The development of agro-industries as an economic policy basically takes into consideration the fact that the Philippines is essentially an agricultural economy.

But businessmen say that it does not have to remain forever merely as such because based on the present state of local agriculture, the non-urban areas are still lagging far behind in development and consequently in income levels.

strategy for the Philippines would allow local industry to maximize the resource potentials and the latent skills in the rural areas, and in so doing spread out the benefits of equitable income distribution to the regions nationwide.

Likewise, agro-industrial development is expected to create more local inputs for the manufacturing sector, increase the local value [as published] added of manufactures for both the domestic and export markets, ease the import-dependence of most industries, and correct the present problem of scarcity in raw materials and partially, the difficulty of obtaining foreign exchange to finance trade-related imports.

Still others in the private sector believe that the infusion of more foreign capital into the economy will help spur local industry to lead it to recovery. This is because only foreign investments can now be expected to provide the needed capital to operate local firms. However, with the host of problems (mainly pertaining to government regulations and policies) local businessmen believe that the country will fail to attract many foreign investors this year.

Thus, in the absence of an agro-industrial strategy and the seeming hopelessness of foreign funding for local projects, the private sector sees the next ten months to hold no bright prospects for business.

The government has conveniently sidled [as published] the issue of politics and blamed entirely external factors, particularly the oil shocks and the recession in the Philippine's major trading partners as major influences that have brought about the present economic crisis.

But some sectors, both in and out of the business community, point to politics as having singly caused the country's present problems--its huge external debt (which the Philippine Chamber of Commerce and Industry [PCCI] has estimated at an aggregate of $37 billion, as against government estimates of $25.8 billion, or about the size of the country's gross national product in current peso terms), the balance of payments situation, and balance of trade difficulties during the past many years.

Many believe that while the oil shocks and the worldwide recession have indeed had their adverse effects on the local economy, these factors could not have entirely been the direct causes of the Philippines crisis.

The point of contention largely hinges on the observation of some that while the Philippines suffered a negative 5.6 percent growth rate in 1984, other countries in the Asian region which were subjected to similar harsh conditions as were the Philippines last year, managed to post impressive growths in their gross national products: Japan, Taiwan, Singapore, Hong Kong, South Korea and Thailand.

On the other hand, while it is true that politics might have indeed contributed much to the depression, still others in the business community

so-called external factors, the lack of productivity of local resource inputs in many sectors (whether government or private) is largely responsible for the country's present problems.

And unless the Philippines immediately takes the necessary steps to address the problem of low productivity in all areas of endeavor, the country cannot hope to extricate itself from its economic woes.

"The huge (external) debt we have incurred may be attributed to many unproductive ventures in the mining, hotel, agriculture and industrial sectors. Even in agriculture, low productivity is very evident in rice and sugar production," Ceferino L. Follosco, president of Alpha Machinery and Engineering Corporation said.

Follosco said that the Philippines was far more advanced some 20 years back compared to what are now considered the newly industrialized countries, such as Taiwan, Hong Kong, Singapore and South Korea, which all had very limited resources.

But the Philippines now trails behind all of these countries despite its abundant natural resources because it had neglected productivity in its economic programs to increase output in all sectors.

"It would seem that unless the productivity of our agriculture, industries, services, government and all our people are enhanced, we should be contented to be classifiied as a developing country. Unless both government and the private sector conscientiously support a real productivity drive, even the poor countries of South Asia will catch up with our productivity performance," he stressed.

In the manufacturing and export sectors, the need to maximize output with the minimum of inputs becomes all the more urgent in the face of high costs for local firms.

For manufacturing firms--whether their products are for the domestic or export market--the need is particularly crucial because of the manufacturing sector's heavy dependence on imported inputs, like basic raw materials, capital equipment and technology.

Even the country's traditional export industries are lacking much in the area of productivity, and are therefore prone to faltering in cases of very wide fluctuations in world prices. This is mainly because the country's traditional export products are generally in their raw form and require very little processing.

Likewise, nontraditional exports suffer heavily with changes in world prices, and lose their competitiveness in the world market mainly because the high cost of their imported components can hardly be offset in most cases by the finished products' very little value-added.

our inputs in both government and private sectors and which permeates each and every activity of our country, especially of ventures that resulted in our massive external debt of $26 billion. It cannot be denied that some of these unproductive projects are technology-oriented. Our huge trade gap shows that many of our products are uncompetitive, both domestically and internationally, (which is) a measure of productivity," Follosco said.

While a lot of local companies have, since the latter part of 1983, succumbed to the pressures of high interest rates, inflation and low demand for manufactured products, businessmen in general do not foresee an influx of new investments (both foreign and domestic) to replace old ones that have already collapsed.

This sentiment is aptly voiced by the foreign investments committee of the PCCI's National Recovery Group [NRG] which found out in a study of the present investment climate that it is "impossible" for the Philippines to attract foreign and domestic investments because the country "falls short of conforming to commonly accepted rules" and the "expected international standards of conduct."

The NRG committee gives the following specific reasons: unstable government rules and policies that directly affect businesses; the complexity of existing investment rules; government competition with the private sector in many areas of business activity; and the lack of consistency and fairness in the application of all laws and regulations.

"Foreign investment, which should include Filipino dollar holdings overseas, is essential if the country is to be competitive in world markets and if it is to relieve its enormous $26 billion debt and regain some degree of national independence," the NRG committee said.

The restructuring of the country's foreign debts and its getting new loans will not by themselves solve its current account problems. However, massive capital infusion, which the NRG estimates at over $1 billion annually, should spur industry and therefore, the economy, and enable the Philippines to extricate itself from the structure imposed by the International Monetary Fund and other lending institutions.

"Equity infusion is essential in very large amounts--(or) over $1 billion annually. During 1984 to date, foreign investment in new and expanding businesses has been so small it is inconsequential. The little foreign investment that has dribbled in has been to support existing corporations in their efforts to survive this critical period," it explained.

The NRG committee said that more than any other period in Philippine economic history, foreign investment is "critically necessary" now. However, the Philippines must undertake fundamental changes in its policies, because while the government has an avowed policy encouraging foreign investments, it "sometimes acts to discourage it."

and implement its own national goals and desires. But a country in severe debt is realistically subject to the constraints of the policies and programs of its external creditors. Ironically, foreign policy equity investment is much more subject to control than are foreign loans," the NRC committee said.

The committee also noted that investment rules and many other government regulations are so complex, confusing and voluminous that they discourage new business ventures.

This situation is aggravated by the fact that there are too many government agencies involved in processing approvals of new project proposals. This becomes unproductive and only leads to conflicting opinions, delays, excessive government red tape, instability and "disincents" investor patience.

The government's involvement in many areas of business activity also deters the entry of foreign investments because of the competition and unfair advantage that government-owned or controlled corporations pose to private investors.

The committee said that instead of competing with private business, government should adopt a supportive role by providing services--particularly in improved communications facilities, infrastructure and transportation facilities, energy and water supply which are all at present inadequate and poorly maintained--to enhance the competitiveness of local firms as well as spread out the benefits of industries to all regions of the country.

PCCI president Felix K. Maramba Jr. says: "Economic development, ideally, should be strongly founded on a stable, harmonious and effective relationship between a strong and good government which continuously aims for the common good and an active and resourceful private sector which would be willing to take the initiative to attain and pursue the country's economic goals and objectives of growth, equity and human development. This concept, however, is often tempered by the dictates of circumstances as a nation grows."

Maramba noted that in the Philippines the conflict between the government and the private sector over many "cloudy areas" has been stifling the growth of the economy.

For instance, the exclusive monopoly of some government or quasi-government agencies on the importation of raw materials or the marketing of finished products is preventing the private sector from competing under the same sets of conditions.

"This is true particularly in agriculture, mining, manufacturing, trading, transportation, banking, housing, and a host of other industries. Government has become like the proverbial busybody with his hand in every

pie. To add insult to injury, tax exemptions have been granted to government-owned and operated companies, creating an unfair and undue advantage over private industry," he said.

Maramba said the government can be supportive of private business particularly in areas where "there is heavy social content" and which require huge capital outlays which make them unattractive to private investors.

It would be impossible for industry to exist and regional development to be achieved in the absence of government support services, the NRC foreign investments committee said.

At the same time, it noted that government has miserably failed to improve infrastructure because it has spent so much for government-owned and controlled corporations, thus reducing the funds which could have been available for basic infrastructure projects. Worse, a lot of these government firms have been incurring huge losses over the years.

"Without communications, both local and international businesses cannot succeed in today's highly competitive world environment. This network also needs to be cost-competitive. (Likewise,) development of regional areas (as desired by government) cannot proceed without the ability to bring the goods to market cheaply and quickly. In Manila, time lost in traffic jams, delayed port clearances, etc., costs industry many millions of pesos annually," the committee said.

On the other hand, Maramba said that the dismantling of all government monopolies now would be untimely because of the present economic condition.

Thus, while the government has already started to disengage itself in some industries and sell some of its corporate holdings, hardly are there any takers from the private business sector.

The government should instead sit with the private sector to study and review on a continuing basis the various forms of existing government involvement in business and determine whether each one is still warranted or may be phased out.

Another area of complaint (and which serves as a disincentive to private investments) among businessmen is the lack of consistency and fairness in the application of all government laws and regulations.

Some cited as an example that in the local courts, litigation is frequently long drawn-out and that justice is often not meted out impartially. On the other hand, in government, approving authorities decide more often on a "case-to-case" basis than from a consistent set of rules equally applied to all.

A good example of the latter is the Food and Drug Administration's refusal in the past two years to issue operating licenses to new Filipino drug

distributors, if they are to sell local medicine brands. However, the FDA would grant licenses to new distributors provided they would sell only the products of foreign pharmaceutical companies.

Added to these problems are others which the private sector foresees will forestall better times for industry and the economy unless immediately corrected.

Businessmen have identified these problems during the last 10th Philippines Business Conference as the following: 1) An overly restrictive monetary policy which could lead to increased bankruptcies among local firms; the weakening of even strong firms; low capacity utilization that would result in higher costs, lower employment and production, and dampened investments; and government competition with private banks; 2) the need for a fiscal policy that will allow more tangible cuts in government outlays; indefinitely postpone infrastructure programs; review the burden and regressiveness of taxation; privatize business; and review the tariff structure; and 3) the lack of an export promotions program that will provide more incentives and favorable financing terms for exporters; correct the present scarcity of raw materials; change restrictive rules that serve as export disincentives; minimize government intervention in markets; and remedy the lack of market information.

For as long as there are government restrictions, particularly with respect to monetary and fiscal policies, businessmen do not expect the rest of 1985 to hold better prospects for business and trade, including exports.

The expectation of private business is in marked contrast to the government's optimism for the declared "year of exports", and the government's expectations of a trade surplus at the end of 1985.

Many businessmen believe that a major reason for the $370 million rise in Philippine exports last year, despite poor domestic economic conditions, was the improvement in world market prices of some export products, such as electronic components, coconut oil and wood products.

Otherwise, they say the country would have been far from increasing export earnings in 1984 principally because all industries were at a low point of merely trying to survive.

Likewise, domestic trade suffered a backlash because hyperinflation (which peaked at 63.8 percent in October) had eroded the purchasing power of an unemployment-battered consumer base.

With the approval by the IMF of a standby credit facility for the Philippines, and the agreement of foreign commercial banks to restructure the country's debts and resume trade financing, exporters hope for a relief in interest rates.

Likewise, agriculture can expect a downward trend in interest rates on agricultural loans (although the interest rates are expected to be lower

by only a few percentage points from commercial rates) with the channeling of domestic resources and some foreign credit into this sector. However, the optimistic outlook hinges on the government's ability to fully carry out its economic program and satisfactorily comply with the conditions set by the IMF for further loan releases.

The agreement with foreign banks provides for a $3-billion trade facility. For some other industries, particularly those that are domestic-oriented, the arrangements with the IMF and foreign banks are not expected to relieve the pressure on credit availability, businessmen say.

Many in the private sector agree that the future of the country's trade as well as its economic recovery will depend heavily on its ability to develop soon the agricultural sector, particularly for exports.

Compared to industrial projects, agricultural projects generally have shorter gestation periods and therefore can give yields (or foreign exchange in the case of exports) faster.

The Philippines has the best chances of steering away--in at least three years--from its worst depression by exporting "new commodities" soonest, a requirement which only agribusiness and perhaps aquaculture, can best satisfy at present, so states former agriculture minister Arturo R. Tanco.

The IMF has imposed trade targets for the Philippines in support of the economic recovery program drawn up for the medium term. It set a target of $5.4 billion in exports for 1984 and P[Philippine pesos]5.8 billion for 1985.

At a monthly average export income of $445 million from January to November last year, the Philippines could not be far from achieving that target for last year.

For 1985, Prime Minister Cesar Virata said the goal is a trade surplus. He said this may be achieved not through any dramatic increase in exports but through a continued drop in imports. This would mean then that business will continue to suffer the same difficulties it had last year in import financing. While exports may grow, domestic trade is likely to be at its lowest point because there is very little incentive--and dim prospects--to work on the local market.

Capital is expected to remain for a long time the scarcest resource despite the approval by the IMF of the standby credit facility and the anticipated release of fresh funds from the Philippines' foreign creditors.

Many in the private sector say that a major factor that will determine whether or not domestic-oriented firms will get new funds in 1985 will be market demand, particularly for manufactured products. They say an improvement is unlikely because of the government's announcement that it will restrain wages as one of the measures it will adopt this year to contain inflation.

Businessmen argue that with such a wage policy, consumers will continue to have little purchasing power to amply support a market for local products. Thus, domestic trade will continue to be in the doldrums for the rest of the year as it had been in 1984.

The curtailment of credits for the national government and the public sector is one of the commitments made by the government to the IMF in its request for a standby credit facility.

Domestic-oriented industries in fact expect a sales drop of an estimated 15 percent to 20 percent in 1985, and businessmen say the profitability of many firms will continue to erode because of the fall in consumers' purchasing power. On the other hand, while the government's projections for increased exports this year are attainable, the targets may seem to be unrealistic because of the continuing difficulty in raw material sourcing, high interest rates, tight credit, and again, the government's restrictive policies.

The National Economic and Development Authority projects that total Philippine exports will average some $6.4 billion annually up to 1987, or a growth of an average 9.2 percent between 1983 and 1987. Moreover, as pointed out during the last Philippines Business Conference, unforeseen developments in the economies of the Philippines' major trading partners may result in the decline in the countries' export earnings.

Faced with an adverse economic condition, the private sector believes that increased productivity in all areas of production, including time and capital, could well be the basic response of industry to the difficult climate. Increasing productivity means involving not only firms in the various industries but also each and every individual both in government and the private sector, the people in general, the country's available resources, etc.

This could also very well mean not only involving all factors of production but also harnessing the skills and potentials which have remained latent in the rural areas. For industry, increased productivity becomes significant particularly because of the scarcity of raw materials, the high cost of obtaining funds to finance their raw material requirements, and the import dependence of local firms, whether for export or the domestic market.

CSO: 4200/496

BUSINESS DAY ON INSURGENCY, IMAGE OF MILITARY

HK281021 Manila BUSINESS DAY in English 27 Feb 85 18th anniversary special report supplement p 22

[Article by Gerry N. Zaragoza]

[Text] Never has the military been so beleaguered. While it is fighting a growing insurgency posed by the Communist Party of the Philippines and its military arm, the New People's Army, it is also faced with problems of low morale and an image tarnished by recent events.

Defense and military officials are well aware of the problems. In a speech by Defense Minister Juan Ponce Enrile early this year he said: "During the past year, we in the defense ministry have been kept on our toes, so to speak, by a serious upsurge of subversive and terroristic activities perpetrated by the communist party of the Philippines and its military, the New People's Army--which constitute the most formidable threat to national security today, and will continue to do so in the near future."

For his part, Lt Gen Fidel V. Ramos, at his assumption of the post of armed forces' acting chief of staff last October, described the people's low regard for the men in uniform, thus: "In some sectors and a few communities, the AFP is mistakenly perceived to be not the protector of the people but their oppressor."

Such concerns have prompted calls for reforms by the government and the military leadership themselves to improve the operational capability of the men in uniform to fight insurgency and at the same time reverse the trend of the public's negative perception of the military. There are signs that the government and the military leadership are initiating such reforms, and they are expected to be more perceptiable for the rest of the year.

Among the measures taken to improve the image of the military are dismissal, suspension, and prosecutions of erring officers and men, and retraining of men on, among other things, the need to respect human rights.

On the insurgency campaign, the government hopes to involve civilians more. One measure being shaped up now is the transfer of the operational control of police and paramilitary forces to local officials in the belief that the anti-insurgency campaign would be more effective.

The success of the anti-insurgency campaign and the improvement of the military's image will depend on how much reforms will be made and whether the leaders who are initiating changes will get full government backing as well as the cooperation of the people who are going to implement it in the field.

From a band of a few hundred operating in Central Luzon in 1969, the NPA has grown to about 12,000 regulars, whose activities are concentrated in eastern Visayas, which is the Samar-Leyte area, and in northern and southern Mindanao. Other regions now affected by the insurgency are the Cagayan Valley area, southern Tagalog, particularly Guezon Province, the Bicol region, western Visayas, eastern Visayas and southern Mindanao. A staff report to the U.S. Senate's Foreign Relations Committee says that the NPA is operating in 62 of 73 provinces in the country.

Estimates of the NPA strength vary from Enrile's conservative figure of 8,000 to 9,000 regulars to the military intelligence's 11,000 to 12,000. The staff report for the U.S. Senate's Foreign Relations Committee places it at 12,500, but the NPA itself claims 20,000 to 25,000 regulars.

The NPA has been perceived to have made big gains following the lifting of martial law in January 1981. Last year alone, Enrile placed the NPA's growth at 23 percent. He also estimated that deaths related to NPA activities reached almost a thousand soldiers and about an equal number of civilians, including about a hundred local government officials, mostly mayors and barangay captains in isolated rural communities.

While the NPA dissidents claim that they are in the advance strategic defensive stage, Enrile said the military has been able to contain the rapid spread of insurgency.

At a press conference last August at the National Press Club, Enrile said that if the growth of the insurgency is not reversed, in three to five years, its guerrillas would reach their aim of attaining a military and political stalemate with the government, which would mean the dissidents and the government would then have a balance of forces.

If only to emphasize the capability of the NPA, defense and military officials note that their soldiers in the field have encountered platoon-, company-, and even battalion-sized armed NPA units.

Felipe Miranda, political science professor at the University of the Philippines said that in some areas where the NPA dissidents are operating, they have capabilities to run so-called invisible governments. However, defense officials deny claims that parts of the republic are under the control of the dissidents.

Nevertheless, Miranda assessed the condition as having "deteriorated to such an extent that it now warrants the attention of everyone. Filipinos and foreigners alike." Miranda said in the entire Southeast Asian region, excluding areas directly controlled by communist governments, it is only

in the Philippines where the communist dissident movement has managed to gain ground.

The growth of the NPA has been traced to many factors. Among them are the dislocations brought about by the economic crisis, the dissatisfaction with the government, military abuses, human rights violations, and the slow pace of the administration of justice for the grievances of the people. Complaints on abuses range from intimidation, harassment and illegal arrest of government critics, to torture, salvaging and hamletting.

The Task Force Detainees of the Philippines (TFDP) reported that for the first half of last year, 798 political arrests were made and 53 persons were also recorded as having disappeared during the same period.

The government, however, maintains that it has no policy condoning military abuses and even challenged critics to come forward and bring proof so the government can act on them.

One of the measures, which the government will vigorously implement this year is the integrated security plan, which calls for the involvement of the civilian population in the counterinsurgency campaign. Designed to be implemented in the country's 1,500 cities and towns, the plan calls for the transfer of operational control of police units and Civilian Home Defense Forces (CHDF)--the paramilitary units composed of armed civilians in the different barangays of the country--to the operational control of the local officials.

Ramos, who developed the plan, envisions it as a way of protecting population centers, public utilities and vital installations from dissident attacks.

The plan would pool the resources of the government and the civilian sectors to build a more effective campaign against insurgency. Previously, the anti-insurgency campaign was the exclusive province of the military.

On the image of the military, Miranda says that many people, including young and retired senior military officers, have expressed dissatisfaction about the credibility of the military.

Although there had been a perceived waning of the credibility of the military as a result of reported military abuses, the adverse image sank to a low point when 25 military officers and men, including armed forces' chief of staff Gen Fabian C. Ver were indicted and then charged for alleged conspiracy and coverup in the assassination of former Sen. Benigno S. Aquino Jr.

Miranda noted that although there is a strong tendency for military officials and government officials to point to the extent of military abuses as limited and performed only by a small percentage of men in uniform, they have some amount of documentation made by fairly independent agencies about the abuses.

The campaign against military abuses, which both Enrile and Ramos promised to be unrelenting, is meant to involve two aspects: One, the positive,

which consists of retraining of soldiers, and the other, the punitive, which calls for the punishment of erring men in uniform.

The need to understand the reasons behind abuses has prompted the government to direct an in-depth study of military abuses. Ramos formed two committees last December to conduct separate studies--one for the military and another for the police.

A month earlier he had formed an AFP Special Action Committee to promptly act on complaints of alleged human rights violations, military abuses and misbehaviors. The major services and regional commands were also ordered to create similar committees.

In the first 20 days, the committee acted on 79 cases brought to its attention through letters, telegrams and news reports. Of the 79 cases, 24 were alleged human rights violations, 32 military abuses and misbehaviors, and 23 were reaction to adverse news reports.

Of the alleged human rights violations referred to it, one of three were found to be unfounded, but the remaining third [as published] of the complaints were acted upon promptly and those found guilty were punished, according to an armed forces' report.

Defense and military authorities hope to continue dealing with the insurgency problem along three main policy directions: First is to maintain dialogue with all disgruntled sectors to defuse tensions that might arise from time to time. Second is to consider the threat of dissidents as mainly a political, rather than a military threat. Along these lines the authorities hope to continue their program of enlightening the people about the size of the dissident movement and involving them more in the anti-insurgency campaign. The last one consists of a no-compromise policy of meeting force with force for armed groups out to destabilize the government and its institutions.

To improve the morale of soldiers, the military leadership hopes to change the leaderhship structure in the armed forces so that capable officers will be placed at the helm to lead the men in uniform.

For the next ten months, Miranda says if the government is successful in at least checking further erosion of military credibility, this will be significant because it would be unrealistic to reverse in a short period a trend that has taken place for a number of years.

He said it could take two years, up to the end of 1986, for the trend to be reversed, adding that the 1986 local elections would be a crucial test whether the military would allow itself to be used to serve the interests of particular politicians or a political party.

By the end of 1986, Miranda estimates that the reforms initiated by Ramos, including the retraining program and territorial security at the local level, will have come to fruition if successfully implemented.

This year, the government hopes to inject more troops in the field to bring the military aspect of the insurgency threat to a more manageable level.

The military will likely shift its priorities to the acquisition of light armored vehicles, support equipment and vehicles, communications systems and individual weapons.

Such equipment and material will likely be paid from the $85 million in military aid the U.S. Government is proposing to grant to the Philippines for this year, which is more than three times the $25 million in military aid the Philippines received from the United States last year.

Although talk has circulated that U.S. military advisers might be sent to the field to help fight the dissidents, this has been denied by the government, which said that its troops can fight the insurgents without the need of military advisers in the field.

Enrile pointed out that government troops have been fighting insurgency for almost four decades now, and with that experience, there is no need for U.S. military advisers in the field.

The government, however, acknowledges that there are a few military advisers in the country under the Joint U.S. Military Advisory Group (JUSMAG) which trains Filipinos in the operation, care and maintenance of military equipment acquired from the United States.

The question is whether we need the Magsaysay of the early 1950's, who has been credited with shaping up a disciplined military which crushed the insurgency in Central Luzon in the early 1950's.

Miranda doubts whether the ranks of dissidents will be decimated by the end of the year. He said that the best the military could do is to check the further deterioration of security conditions for the rest of the year. Meantime, the military could build its resources.

Carolina Hernandez, professor and chairman of the University of the Philippines political science department, said that Ramos could be another Magsaysay who could instill discipline among the ranks. She said that she had talks with some junior officers in the military, who told her that if they are given a good leader, the military would be better organized.

Hernandez also said that the restoration of the credibility of the military will depend largely on the soldiers. "No matter what you do in the higher levels, the interactions taking place at the lower levels is the more critical," she said.

CSO: 4200/496

FOREIGN FUNDS SOUGHT FOR AILING INDUSTRIES

HK041503 Manila BUSINESS DAY in English 4 Mar 85 p 2

[Text] President Marcos yesterday said the government is negotiating with some foreign governments which extend official development assistance (ODA) to the Philippines to give financial support for the rehabilitation of some distressed private- and government-owned industries and companies.

Marcos also said the World Bank is studying the grant of a financial package to the same distressed industries and companies.

The President said the government "is now taking steps to make these distressed industries and firms viable with the help of government and sources of ODAs."

He also said the "World Bank is presently studying ways and means for the inclusion of these industries and firms in the financial assistance package for the government's structural adjustment being supported by the Bank."

Structural adjustments are comprehensive programs designed to make industries viable and competitive both in the local and international markets. Official development assistance, on the other hand, is granted by donor countries to assist the economies of Third World countries. Japan is one of the country's biggest sources of ODAs.

The President said many of the local industries and firms are heavily indebted to government financial institutions and have been dislocated by the tight credit situation brought about by the current economic crisis.

In fact, a number of ailing companies have already been foreclosed or placed under receivership of government banks such as the Philippine National Bank, the Development Bank of the Philippines and the Government Service Insurance System.

Some of these big companies are the Construction and Development Corporation of the Philippines (which the government now manages under the new corporate name of Philippine National Construction Corp.), Marinduque Mining and Industrial Corp., and Cellophil Corp. (a pioneering pulp and paper mill in Abra), and Batong Buhay Mining.

Marcos explained that before the onset of the energy crisis and the world recession, these industries were considered "viable."

The problem was exacerbated by the tightening of credit in the financial centers of the world which hampered the country's access to trade and commercial credit, Marcos said.

CSO: 4200/594

MARCOS SAYS VIRUS CAUSED HEALTH PROBLEMS

HK271529 Manila BUSINESS DAY in English 27 Feb 85 p 22

[Text] President Marcos, facing the foreign press for the first time since November last year, yesterday said he was "sick with the worst virus you have ever heard of."

"I also suffered asthma so badly that I had to go into an oxygen tent for I was hardly breathing," said Marcos.

"I had problems from microscopic shrapnel chips from wounds gotten during World War I."

But Marcos vehemently denied that he had undergone any surgery. According to him, his doctors said "there was no need for surgical intervention for any surgical intervention was a risk."

"I was not treated surgically, but I was hit by a virus of a worst kind that you ever heard of," the President repeated.

The virus, the President said, was probably picked up during his inspection trip in the typhoon-damaged Bicol region last year. He told newsmen that he has now recovered. He said he was now "back in harness, continuously and persistently running the government."

"Watch me, I am back to normal. I am eating and sleeping well. I feel well with my vital statistics, blood pressure and pulse rate, all normal," he said.

He also said "I am back to just about bantam." He said that he has recovered about six out of the 10 pounds that he lost during his recent illnes.

Marcos was reported to have been sick since November 14 of last year when he was seldom seen in public which started the cloud of doubt about his health. Speculations that he was terminally sick or worse, even dead, became a national pasttime.

CSO: 4200/496

INTEREST TAXES WAIVED ON NEW DOLLAR LOANS

Manila BULLETIN TODAY in English 3 Feb 85 p 21

[Text]

Interest, fees and other payments made by the Central Bank of the Philippines on the new foreign loans, the restructured debt and other foreign obligations incurred in connection with the economic recovery program shall be exempt from any and all Philippine taxes.

This was provided under Presidential Decree No. 1961, otherwise known as "Philippine Economic Recovery Program Financing Law of 1985."

The decree was signed last Jan. 11 to pave the way for the signing of the various agreements covering the foreign loan and debt restructuring package negotiated with the country's foreign creditors.

Previous to this decree, interest payments on foreign loans are subject to tax.

The decree also provided that agreements, certificates and other documents that may be issued by the CB pursuant to the financing arrangements shall be exempt from stamp, excise, and other similar taxes.

At the same time, it said that any amount necessary in order to enable the government to pay the principal, interest and other charges on the loans, credits, deposits and other obligations that may be incurred under the decree, and not otherwise covered by specific appropriation, is hereby appropriated out of any funds in the national treasury from time to time.

On the establishment of the CB subsidiary which will undertake the foreign exchange cover program for foreign obligations included in the debt rescheduling, the decree empowered such subsidiary to obtain foreign borrowings.

The receipts, expenditures, profits, income, contracts, deeds, documents and transactions related to the foreign exchange cover program shall be exempt from all national, provincial, municipal and city taxes, fees, charges and assessments in force or hereafter established.

Any agreements that may be contracted substantially in accordance with the term sheets relating to the new money facility, the restructuring principles, and the revolving short-term trade facility, including such changes and modifications as may be authorized by the Minister of Finance upon recommendation of the monetary board, are "hereby expressly approved and authorized by this decree."

Any additional agreements that may be contracted pursuant to the decree shall be in accordance with the terms and conditions as may be approved by the President, upon recommendation of the Monetary Board.

The decree waived the debt service ceiling of 20 percent of foreign exchange receipts of the immediately preceding year required under Republic Act No. 4860, as amended.

CSO: 4200/619-E

AUSTRALIAN TRADE CREDIT SEEN AS 'FIASCO'

Sydney THE SYDNEY MORNING HERALD in English 21 Jan 85 p 15

[Text]

The controversial Australian Government-backed $A50 million revolving trade credit to the Philippines has so far proved something of a fiasco, says a senior banker.

The facility was set up to help Philippine importers to purchase Australian goods.

But only $28 million has been utilised since the facility effectively became available eight months ago.

However, the assassination last year of opposition figure Mr Benigno Aquino, which touched off riots and near economic chaos in a country already labouring under a hefty foreign debt, would not have helped in utilisation of the revolving fund.

Westpac is providing the finance for the trade credit, which over its two-year life could theoretically support $200 million of Australian exports to the Philippines.

Australia's main exports to the Philippines are iron ore, malt and dairy products.

Preliminary trade figures for 1983-84 show the value of exports to the Philippines as $153 million.

Westpac's chief representative in Manila, Mr John Lewis, said recently that the trade credits facility was "a little bit of a fiasco."

After the Australian Government agreed to the facility the Philippines central bank scrapped forward cover for importers.

This exposed Philippines companies to huge foreign exchange risks for a while.

While through third parties forward cover subsequently became available, it was "messy," said Mr Lewis, stressing that the problems with the revolving line of trade credit were not of the making of either the Australian Government or Westpac.

He said that when the $50 million was first made available, importers in the Philippines claimed that the demand for the credit facility would exceed the $200 million available over two years.

CSO: 4200/619-E

VIRATA SAYS IMF TARGETS MET

Manila BULLETIN TODAY in English 1 Feb 85 p 15

[Text]

The Philippines met all but one minor target last year in an economic stabilization plan agreed with the International Monetary Fund, Prime Minister Cesar Virata said.

He was speaking after briefing 13 Western donor countries on the Philippines' financial aid needs this year.

Large foreign currency remittances from overseas workers in December pushed reserve money, a sub-component of money supply, above target.

But every other economic indicator, including overall money supply, ended the year in line with the IMF-backed plan, Virata, who is also finance minister, said.

Inflation fell to 40 percent a year this month from 50 percent in December and 64 percent in October, "We hope that by the end of 1985 it will be less than 15 percent," he told reporters.

Latest figures indicated the current account balance of payments deficit was cut to about $1.1 billion in 1984 from $2.5 billion in 1983, Virata said.

Philippine government plans call for the deficit to be shaved to one billion dollars this year and between $500 and $600 million in 1986.

Recently negotiated reschedulings of commercial bank and official debts should produce a "relatively large surplus" of more than $3 billion on the overall balance of payments this year although this would slip back to around half a billion next year, he added.

Total debt outstanding should rise to around $26.5 billion by the end of this year from its present $25 billion.

The government expects to sign a recently negotiated agreement for $925 million of fresh commercial bank funding in mid-February, and a $3 billion trade finance facility at about the same time, Virata said.

A first $300 million tranche of the commercial bank loan would be drawn in March, after an IMF review of the economy, and used to pay off interest arrears on previous borrowings, he said.

Commenting on his two days of talks here, Virata said he received indications from the donor countries that they were planning to disburse about $1.1 billion in financial aid for the Philippines this year. This was broadly in line with the country's needs although no formal pledges were made.

More talks would be held before the end of this year to monitor the government's economic progress, a communique said.

CSO: 4200/619-E

PHILIPPINES

WRITER HITS CPP COVENANT ON AFP REORGANIZATION

Manila PHILLIPPINES DAILY EXPRESS in English 1 Feb 85 p 5

[Commentary by Muhammad Abdul Hassan: "A Covenant With CPP-NPA?"]

[Text]

AMONG the published conditions asked by CPP-NPA chairman Jose Ma. Sison - that is, before his communist party signs a convenant withother opposition parties against Marcos - is a commitment that the government the signatories may form after Marcos must "reorient and reorganize the Armed Forces of the Philippines."

If there is anything that can send shivers up the spine of every officer in the officer corps of theArmed Forcesof the Philippines, this will.

Perhaps, by insisting on this commitment, the CPP NPA simply wanted its role in shaping post-Marcos military policies recognized; and to confirm the direction of its propaganda campaign against military abuses and other forms of military harassment among civilians. This is a formidable issue against the KBL administration, as a matter of fact, and right down the alley of the CPP-NPA.

Has anybody ever bothered to find out what the reactions of people may have been after every NPA ambushon military personnel, or after each raid on a military installationin theirarea? Findings might actually be unsettling (for the KBL), particularly in places where military elements have become notorious for their depredations.

To be sure, the CPP-NPA proposal to "reorient and reorganize the AFP" would be welcome news to the victims - who, together with their kin and friends, must have been cheered and encouraged everytime they heard reports of NPA raids and ambushes. Among people seeking personal or social retributions, economic restitutions, political revenge or even plain relief from boredom, the raids and ambushes would be stirring fresh hopes for redemption; and naturally, consolidating all these sentiments behind the CPP-NPA campaign. Judging from the increased frequency of these NPA sorties around the country, they may have already consolidated quite a following behind them.

And if the NPA tempo goes on uninterrupted, they may be able, come election time, to acquire a visible capability around the country that may not be ignored. The CPP-NPA, in other words, may yet succeed in convincing the non-communist parties to sign a covenant that would include the commitment to reorient and reorganize the AFP along lines suggested by the communists.

In which case, there is likely to be troule. Big trouble.

The officer corps of the Armed Forces of the Philippines are not likely to love the idea, much less welcome the execution, to reorient and reorganize the AFP under the direction of a government that is receiving communist advice. They certainly will reject this humiliating proposal and if compelled by high authority to comply, they might just be forced to react in the way their military counterparts in Central and South America had reacted in the face of similar challenges. Carry out a coup.

The officer corps of the Armed Forces of the Philippines has a 35-year record of unconventional off-and-on combat engagements and exasperating psy-war confrontations with the communists, that has made its anti-communist posture all but a professional credo. To ask them now to submit to a communist-influenced reorientation and reorganization program would be courting trouble.

The officer corps of the AFP is still among the most democratic conscious, nationalist-oriented officer corps in the world. It takes pride in a military tradition that is the envy of many other armies in the world. The indiscretions, abuses and anomalies that have happened in its ranks are not intractable. In fact, the new leadership in the AFP is determined to clean its ranks.

Any non-communist government formed in the post-Marcos era will find the same officer corps loyal and worth maintaining and sustaining. The same officer corps will yet swear defend the Republic and its Constitution in the post-Marcos era.

Any non-communist government may even tamper with its military policies, its strategies, its organizational concepts and its ideas about the role of the AFP in our development as a nation.

All that tampering would still be acceptable. Except if it comes from the CPP-NPA.

Opposition parties must really think twice before signing a convenant with the CPP-NPA.

CSO: 4200/619-E

PHILIPPINES

INDONESIAN EVANGELIST DISCUSSES CHRISTIANITY VS COMMUNISM

Manila BULLETIN TODAY in English 3 Feb 85 p 4

[Article by Jun Velasco, Correspondent: "Evangelist Talks on Reds"]

[Text]



TONG

Rev. Stephen Tong, Chinese Christian evangelist who is "turning the world upside down" with his evangelistic meetings around the world, does not believe the communists are inherently atheists.

He told this writer in a two-hour interview at his residence in Dasmariñas Village that in every man's heart is a deep need for God.

Here in the Philippines to conduct revival meetings attended by thousands of people in Cebu, General Santos City, Cebu City, Dumaguete City, and in Silliman U; and he held a big meeting last night at the University of Life, Reverend Tong said: "I don't believe that man can completely divorce himself from God."

He recalled that shortly before Mao Tse Tung died, he told an American journalist: "I am going to see God." Nikita Krushchev, asked if he was an atheist, also quipped: "God knows I am an atheist."

Reverend Tong's preaching in Indonesia, his native country, has helped in the socio-economic revival of that country.

He said the Christian faith is a powerful force; it can be used to save a failing economy.

The evangelist said the Philippine situation is not hopeless. He said no other country is exempted from moral corruption, including the United States. He said the Philippine situation can be saved if only "the nominal Christians become honest with themselves and love Christ honestly."

"Christianity is based on the eternal plan of God, so I don't think it ever can be licked by communism," he said.

He said it has been demonstrated in the past that Christianity is the force to reckon with, not communism. "For all its 30-year aggressive campaign, communism has not gained any headway. Christianity even at the first century of its founding, turned the world upside down."

He said there is a need to revive the influence of the church. True revival, he said, should be able to mobilize man to know his responsibility to glorify God and make kindness available to all mankind.

He disputed claims that communism is growing at a faster rate than the Christian faith. He said: "It is not the case that when the material and economic power of a certain country is taken over by the communists, that country instantaneously turns communist."

He said there are today about 30 million Catholics and Protestants in China.

CSO: 4200/619

EXTERNAL PAYMENTS ARREARS AT $2.4 BILLION AT END OF 1984

HK051441 Manila BUSINESS DAY in English 5 Mar 85 p 2

[Text] The country's external payments arrears, or the foreign exchange obligations it has failed to settle, stood at approximately $2.4 billion as of end-1984, BUSINESS DAY sources in government said.

If the moratorium on foreign exchange payments had not been called in late 1983, the country's balance of payments deficit last year, with the settling of those arrears, would have amounted to $2.1 billion, or roughly the same level as that in 1983.

The settling of those arrears is the most critical factor that would affect the peso's exchange rate in the next few months. One of the conditions imposed by the International Monetary Fund (IMF) is the reduction of the country's arrears to $760 million by end-March. This would mean that the country would have to settle about $1.6-billion arrears by that time, which would drastically increase the demand for dollars to levels sufficient to erode the peso's international value. However, the government may yet reduce the amount of arrears it has to settle if it succeeds in convincing the IMF to revise the end-March target on the settlement of arrears.

The $2.4 billion in arrears actually constitute both the foreign exchange obligations covered by the moratorium--principal payments on fixed-term debts to banks falling due--as well as those officially not covered by the moratorium requests which account for the bulk of the country's arrears. These include such obligations as short-term debts which the country has asked banks to roll over, delayed interest payments and remittances required by foreign companies.

Central Bank [CB], in its balance of payments report, however, defines the country's arrears conservatively as those which are not covered by such documentation as the banks' official rollover of short-term debts and CB schemes, such as foreign companies' purchase of dollar-denominated CB certificates of indebtedness, which in effect postpone the settlement of foreign exchange obligations.

For instance, for end June 1984, the CB's definition in its balance of payments report put the arrears at only $429 million. The actual arrears,

defined as all forms of unpaid foreign exchange obligations falling due, amounted to $1.6 billion.

A breakdown of the type of arrears as of end-1984 was not available. A CB publication, however, provided the details for the arrears as of June 30, 1984. Arrears on payments of principal by the CB and banks amounted to $804 million. Total arrears (including interest payments) of private corporations as well as the national government and its entities amounted to $1.34 billion. Service payments, for such remittances as revenues of shipping and airline companies, included in the $1.34-billion figure amounted to $94 million.

CSO: 4200/594

PHILLIPPINES

KBL REPORTS HEADWAY AGAINST BICKERING

Manila BULLETIN TODAY in English 2 Feb 85 p 1, 5

[Article by C. Valmoria Jr, "KBL Tackles Problems, Central body takes up intramurals]

[Text] The ruling Kilusang Bagong Lipunan (KBL) reported yesterday that it was gaining headway in reconciling warring factions in some provinces, where its chances of winning in the 1986 local elections had been seriously threatened by intramurals.

Among the provinces where local KBL leaders were said to be fighting among themselves are Pangasinan, Laguna, Sorsogon, Mindoro Occidental, Mindoro Oriental, the Davao provinces, Misamis Oriental, Surigao del Norte, and Batangas.

Deputy Prime Minister Jose A. Rono, Batasan majority floor leader and KBL secretary general, said the KBL central committee has taken steps to revitalize the local party machine in these "problem" areas would be patched up long before the start of the campaign period for the 1986 elections.

Rondo said the national leadership had met with the mayors in these problem areas to help reconcile differences and settle the issues.

So far, he added, the problems have been solved in the provinces of Misamis Oriental and Surigao del Norte, except Surigao City which still needs further study.

He said the party does not expect too much trouble in unifying local leaders in the two Mindoro provinces, Batangas, and Sorsogon, as well as other critical areas.

However, Rono said the KBL central committee will have the final say on the result of the conciliation talks.

In Pangasinan where Gov Aguedo Agbayani is at odds with Agrarian Reform Minister Conrado Estrella, the party's regional chairman, Rono said President Marcos will personally handle the case.

Despite Rofio's assurance, local KBL leaders in Sorsogon have signified their intention to elevate the matter to the central committee. They claimed that Gov Raul Lee violated party rules when he campaigned for "no" votes during the plebiscite for the constitutional amendments held last year.

The Sorsogon leaders said Lee concentrated his campaign in the town, particularly in barangays where Agriculture Minister Salvador Escudero III lived. They said the "no" votes won overwhelmingly in the voting center where Escudero voted, thus embarrasing him.

CSO: 4200/619-E

REPORTAGE ON U.S. BASES WORKERS' COMPLAINTS

Assail Labor Policies

HK051005 Quezon City ANG PAHAYAGANG MALAYA in English 1 Mar 85 pp 1, 8

[Article by Ben Evardone and Godo Pineda]

[Text] The United States government was assailed by labor leaders here yesterday for its alleged "discriminatory" policies and abuses against Filipino workers inside its military bases.

Testifying at a public hearing conducted by the Batasan sub-committee on general affairs, treaties and military affairs, labor leaders said the U.S. Military Bases Agreement and the bases labor agreement do not guarantee the full sovereignty of the country inside the bases and do not give Filipino workers equal pay for identical work done by Americans.

Labor leaders led by Roberto Flores, president of the Federation of Filipino Civilian Employees Association in the U.S. Bases (FFCEA), asked the sub-committee to pass a law that will guarantee the right of the Filipino workers here, numbering about 34,000, to strike and enjoy equal treatment with American workers.

The labor leaders said an American supervisor receives 15.6 dollars per hour while a Filipino receives only 21.17 pesos; an American cashier 4.5 dollars and Filipino in the same position 9.92 pesos per hour; an American clerk 4.66 dollars and a Filipino clerk 9.99 pesos per hour; and an American security guard 4.66 dollars and his Filipino counterpart 7.77 pesos per hour.

The present exchange rate is 18.80 pesos to the dollar.

Contractual workers, of whom there are about 12,000 including social entertainers, were the most discriminated against because they are covered neither by Philippine nor U.S. labor laws, said Manuel Torres, union vice president.

"What is sovereignty if Philippine laws are not applicable inside the bases?" they asked.

They said the flying of Philippine flags and the presence of a Filipino deputy commander in the bases do not constitute an exercise of sovereignty.

One of the highlights of the hearing was the testimony of Orlando Tampolino, a supervisor in the ship repair facility (SRF), detailing instances of abuse by American superiors and U.S. Marine guards against Filipino workers.

Tampolino, a member of the San Narciso, Zambales municipal council, denounced a certain George, an SRF executive, for his "indiscriminate" suspension of and threats of dismissal against Filipino supervisors "for the flimsiest of reasons."

Paper Airs Complaints

HK040159 Manila TIMES JOURNAL in English 2 Mar 85 p 4

[Editorial: "Filipino Base Workers Have Legitimate Gripes"]

[Text] An interesting picture came out of the visit to the U.S. naval base at Subic, Zambales, by members of the Batasan's sub-committee on defense and military installations.

For one, the legislators learned that Filipino employees and laborers are still second-class citizens in their own country and that what is paid in dollars to American civilian nationals working in the base is not so for Filipino workers.

The second eye-opener was the complaint by leaders of workers' organizations in the base that the unions had been sold down the river by some of their own countrymen as shown in the latest base labor agreement.

MPs Antonio Diaz (KBL--Zambales) and Oscar Santos (Unido-Quezon) had come to the US naval base to look into reported large-scale discrimination and unfair labor practices. They found these but also ran into an obstacle course set up not necessarily by the American base commanders but more often by some of their own countrymen.

Yes, American nationals assigned to posts similar to those occupied by Filipinos earn a great deal more than their Filipino counterparts, and in dollars too. The equal-pay-for-equal-work concept does not hold true in the base.

But Diaz and seven members of the Batasan also learned that when it suited the Americans in the base, Philippine sovereignty and Philippine laws were enforced. But again, when it suited the Americans, Philippine laws could be discarded in favor of the U.S. foreign service act.

The bottleneck was the "interphasing of sovereignty," as one labor leader aptly put it.

For example, through some hard-nosed dealing, American base negotiators successfully changed a vital provision in the Base Labor Agreement to remove coverage by the Federal Employees Compensation Act (FECA) of Filipino workers of which there are some 21,000 "direct hire" employees under the Federation of Filipino Civilian Employees Association. Instead of being assured of $8,000 in lump sum in the event of death in the line of duty or of other immediate benefits like hospitalization and ambulance attention under the US law, the new base agreement now gives workers only P33,700 with no further attention by the base hospital command. He would have to go to the Philippine Employees Compensation Commission for his benefit.

The Filipino labor leaders blamed this on some of their own countrymen who, they claimed, sold them down the river. They told the committee that some of their own countrymen belong to the government and to labor unions.

On the other hand, American supervising personnel earn $15.06 per hour while counterpart Filipinos earn P21.77 an hour, American cashiers earn $4.50 an hour as against Filipinos who earn P9.92 per hour, American secretaries earn $4.82 an hour as against P9.92 for Filipinos, among other things. But when a Filipino becomes an American citizen, he automatically receives his pay in dollars.

The American base command claims this is required under the Foreign Service Act covering US bases in foreign countries.

Where then lies Philippine sovereignty?

Labor leaders said Philippine sovereignty over US facilities was just a word. Only the Filipino flag flies over the base but Filipinos are still discriminated against. Cases of Filipino employees being suspended for days at a time for displeasing their American superiors were cited. Other Filipinos were searched for no reason at all, it was reported, and even outside the bases, US units of the Office of Special Services (OSI) would be accompanied by Philippine military units and the local police to conduct searches in homes of Filipinos without proper search warrants.

There are in Subic Filipino social entertainers, not covered by US and Philippine laws. Likewise, decisions reached by local officials on acts of US naval personnel against Filipinos can be reversed by the American command with the administration of justice coming directly from Hawaii.

It was explained by Filipino labor leaders that any move toward improving further labor relations and benefits in the bases would depend largely on amending further the Military Base Agreement.

The eyes of the Batasan were opened but just how they can impose total Philippine sovereignty on US facilities is another matter. This may have to await the next revision of the RP-US Military Bases Agreement.

CSO: 4200/593

MNLF KIDNAPPING, OTHER VIOLENCE REPORTED

Manila BULLETIN TODAY in English 3 Feb 85 p 8

[Text] PAGADIAN CITY — Armed men riding in a pumpboat reportedly kidnaped last Tuesday a Zamboanga del Sur businessman in Tungawan town, and demanded a ransom of P200,000 for his release, the military said.

Meanwhile, a councilman of Midsalip town and two of his neighbors were reportedly killed last Wednesday by armed men believed to be rebels.

Lt. Col. Jesus Guerzon, PC-INP provincial commander, said the businessman, Joaquin Chiong, 73, of Ipil town was visiting his log pond in barangay Ticbanuag, Tungawan, when he was taken by men the military suspects to be members of the Moro National Liberation Front.

Lt. Octavio Evangelista, police station commander, said the armed men were led by a certain Kumander Mendoza. They forced Chiong to ride the pumpboat and fled to barangay Alabatan, after sending a ransom note to Chiong's family.

Guerzon has instructed Evangelista to contact and negotiate with the kidnapers for Chiong's release.

The victims in the Midsalip case were identified as councilman Floro Lasola, 31, of barangay Kapalaran, Samuel Bogac, 27, and Jaime Songcalang, 23.

They were reportedly picked up by armed men from their respective houses, tied to a post near Lasola's house and then killed.

The killing was reportedly witnessed by several village residents. The three are allegedly active in the anti-dissident movement in the area. (Tony Pe. Rimando)

CSO: 4200/619-E

REPORTAGE ON AQUINO-GALMAN MURDER TRIAL PROCEEDINGS

Judge: Ver Reinstatement 'Very Big If'

HK040446 Hong Kong AFP in English 0422 GMT 4 Mar 85

[Text] Manila, March 4 (AFP)--The chief judge in the Benigno Aquino murder trial here today said President Ferdinand Marcos' recent statement about the possible acquittal of General Fabian Ver was a "very, very, very big if."

Judge Manuel Pamaran made the remark in court after the family of Rolando Galman--the man whom Gen. Ver and his 25 co-accused in the case claimed had shot the opposition leader--refused to testify in protest over the Marcos statement.

Mr. Marcos had told a press conference on Tuesday, after being asked if he would reinstate Gen. Ver if he was acquitted, that senior armed forces officials had agreed that Gen. Ver would return as chief of staff if he was cleared.

Mr. Galman's mother Saturnina, sister Marylin, son Reynaldo and stepdaughter Roberta today refused for the third time to heed subpoenas, risking a citation for contempt of court.

Mr. Pamaran gave their counsel Lupino Lazaro until later today to convince the Galmans to at least show up in court, adding that it was up to the prosecution to say whether they would take the witness stand.

Mr. Lazaro said the Galmans, who earlier refused to appear unless 23 accused soldiers were held in the national penitentiary instead of being placed in their superiors' custody, were emotionally affected by the president's statement.

In a related development, the Malaya newspaper quoted Saturnina Galman as saying that she was holding Mr. Marcos responsible for the death of her son and Mr. Aquino, and that because of this she would never appear at the trial.

Mr. Pamaran, apparently irked at the Galmans' refusal to appear, told Mr. Lazaro to explain to them that "whatever the president says, (the possible acquittal of Gen. Ver) was a very, very, very big if."

He indicated that he was not inclined to use the coercive powers of the three-judge court to compel them to testify.

Meanwhile, court sheriffs said they had been unable so far to locate five eyewitnesses whose earlier testimonies had helped lead the probe board to its conclusion that the assassination stemmed from a military plot and that Mr. Galman was the scapegoat.

The testimonies of the witnesses--four security guards and an aircraft loader on duty at Manila Airport when Mr. Aquino was killed there on August 21, 1983--would be struck off the court's records unless they appeared for cross examination, legal experts say.

The court has asked the National Bureau of Investigation to help find the five as well as two former Philippine Airlines employees whose testimonies also indicated that a soldier, not Mr. Galman, shot Mr. Aquino.

In brief testimony today, two air traffic controllers affirmed their previous testimony that they did not witness the Aquino assassination while monitoring the arrival of the plane that brought Mr. Aquino home from voluntary exile.

Witness: Aquino Shot on Tarmac

HK050500 Manila Far East Broadcasting Company in English 2300 GMT 4 Mar 85

[Text] On the Aquino-Galman trial, a key witness, Ramon Balang, yesterday [4 March] disputed the conclusion of the Agrava Board that former Senator Benigno Aquino was shot on the service stairway. He told the Sandiganbayan that Aquino was already walking on the tarmac of the airport when the first shot was fired, felling Aquino. However he said he did not see who shot the former senator. Balang was the ground engineer of Philippine Airlines who was at the tarmac when the Aquino killing took place. He testified the whole afternoon and stuck to his testimony given to the Agrava Board that Galman could not have shot Aquino. Balang's statements to the court were mostly elicited by defense lawyers who subjected him to cross-examination.

Meanwhile Sandiganbayan Presiding Justice Manuel Pamaran ordered the Galman family to appear in court today even if they cannot testify. Pamaran issued the order to the Galman family lawyer, Lupino Lazaro, after the Galmans defied anew yesterday the court's subpoena to testify in the Aquino-Galman trial.

Security Guard Testifies

HK060450 Manila Far East Broadcasting Company in English 2300 GMT 5 Mar 85

[Text] One of the missing witnesses in the Aquino-Galman case showed up yesterday [5 March] at the Sandiganbayan and testified in support of the military claim that former Senator Benigno Aquino Jr was shot on the airport tarmac. The witness, security guard Wilson Ilasos, said he saw Aquino

already sprawled on the tarmac just 2 seconds after the first shot rang out. Ilasos testified last March before the Agrava Board which investigated the Aquino killing. He was cross-examined on that testimony by defense counsel Rodolfo Jimenez.

Earlier, the mother, sister, and son of Rolando Galman, the supposed assassin of former Senator Benigno Aquino, appeared before the Sandiganbayan yesterday but refused to testify. The court told their lawyer, Lupino Lazaro, to convince them to testify and reset the date for their testimonies next Tuesday. Earlier, Galman's mother, Saturnina, sister Marilyn, and son Reynaldo said they are willing to go to jail for contempt.

Verdict Possible by August

OW060547 Tokyo KYODO in English 0540 GMT 6 Mar 85

[Text] Manila, March 6, KYODO--Prosecution lawyers in the trial of Armed Forces Chief Gen. Fabian Ver and 25 men linked to the murder of opposition leader Benigno Aquino said Wednesday they expect to finish presenting evidence by April, indicating a verdict may be handed down before the second anniversary of Aquino's murder in August.

Defense lawyer Rodolfo Jimenez, who represents 22 of the accused, including airport security chief Brig. Gen. Luther Custodio, said over the weekend it would take the defense only three weeks to present counter-evidence.

"We might rest our case by April, depending on the availability of the witnesses," Manuel Herrera, head of the five-man prosecution panel told reporters.

A three-judge court that tries government officials who commit crimes while in office is hearing the case. The court's judgment on any case has to be made within three months after the case has been submitted for decision.

The prosecution has presented the testimony of 42 witnesses and dropped eight others from a list of 81 since the trial began March 1.

Most of the testimony was given before a civilian commission of inquiry into the 1983 Aquino assassination and admitted into court records as part of the prosecution's direct examination.

Several postponements due to non-appearance of so-called vital witnesses have delayed the proceedings.

Of eight key witnesses who were at Manila Airport when Aquino was shot, only two have testified, separately on Monday and Tuesday. The prosecution also decided to drop the testimony of an airline engineer, who retracted his testimony before the commission.

The commission's findings formed the basis of the indictment of the 26 men for the August 21, 1983, Aquino assassination. The commission said Aquino

was shot by one of the military escorts who brought him down from the plane on returning from self-exile in the United States.

Gen. Ver and the others are also facing trial for the murder of Rolando Galman, the man the military said was Aquino's assassin. The commission said Galman was a fall guy and was killed by airport soldiers to cover up the assassination.

Herrera told the court that one witness, an airline mechanic, has gone to the United States while the National Bureau of Investigation is still looking for another airline mechanic and three airport security guards.

Lawyer Jimenez said he is giving the prosecution one week to present the remaining key witnesses, otherwise he might ask the court to strike their testimony from the record.

Presiding Judge Manuel Pamaran said last week that the testimony of witnesses who testified before the inquiry commission may be stricken from court records if they do not appear for cross-examination by the defense.

Galmans Accuse President in Letter to Court

HK051438 Hong Kong AFP in English 0609 GMT 5 Mar 85

[Text] Manila, March 5 (AFP)--The family of Benigno Aquino's purported assassin today accused President Ferdinand Marcos in open court of ordering the opposition leader killed and continued to defy an order to testify at the murder trial.

The accusation was made in a formal statement filed by the mother, sister and son of Rolando Galman, an ex-convict named by the military as Mr Aquino's assassin and by state prosecutors as a scapegoat in a military plot to kill Mr Aquino.

The lawyer of Armed Forces Chief General Fabian Ver, who is among the 26 accused in the case, angrily demanded that the "garbage" be struck from court records and charged that the Galmans were spreading political propaganda.

Meanwhile, Wilson Llasos, a security guard who was near the spot at Manila Airport where Mr Aquino and Mr Galman were killed on August 21, 1983, testified that he saw Mr Aquino abandoned on the tarmac after a shot rang out.

He also said that a few seconds later, he heard more shots and saw Mr Galman fallen on the tarmac and still being shot in front of Mr Aquino's body.

In their disputed statement today, the Galmans said: "We believe that you, President Marcos, ordered Senator Benigno S. Aquino Jr. killed, and your crazed followers in turn killed my son Rolando to conceal the truth."

It was written in Filipino and signed by Mr Galman's mother Saturnina, sister Marylin and son Reynaldo, who for the fourth time refused to take the witness stand in protest against the proceedings.

"With what we say now, we know that you, Mr President, will use your ruthlessness. You have no conscience so you will order us killed or arrested, today, tomorrow, or the next day, or whenever you want to," they said.

"But your problems will not end here because many others like us whom you have oppressed will take revenge for the evil you have done," they added.

The Galmans told the court's three judges in turn not to lend their "glittering names" to the trial and to "return this case to President Marcos."

Gen. Ver's lawyer Antonio Coronel stood up at the close of today's hearing and called the court's attention to the Galmans' statement.

"It bristles with calumny, with odious insult, and assaults the dignity and integrity of this court," he said.

"This is a court of law and it should not be used in any manner as a vehicle either for political propaganda or for assaulting the dignity of the officers of the Philippine Republic, particularly the president," he added.

"I realize that this may be a ploy so that the court may use its coercive powers and punish the Galman family for making use of this court in the manner I have just indicated. I am not going to fall into that bait," he said.

"I am not going to ask this court to punish them because that will be playing precisely into the trap that I think they are laying," he added.

He asked the court to expunge the Galmans' statement from the record and to warn everybody that "this court should not be used as a vehicle for purposes other than the administration of justice."

Presiding Justice Manuel Pamaran, who earlier gave the Galmans another chance to take the stand today, calmly ended the proceedings by saying that the statement as well as the defense counsel's comments and motion were considered submitted for resolution.

The Galmans showed up at the courthouse today. In keeping with their refusal to take the witness stand, they just gave their statement to court officials.

Meanwhile, today's witness said he did not see Mr Aquino's shooting from the rear of the plane where he was performing his duties as a baggage escort, but after hearing a gunshot he turned toward a service stairway and saw Mr Aquino's body lying about two feet away from the last step.

"All I saw was a man in white lying face down on the tarmac," said Mr Llasos, who added that he ran to a nearby tug for cover, heard more shots, then saw Mr Galman's body in front of Mr Aquino, lying face up on the tarmac and being shot by three soldiers.

Under cross-examination by defense counsel Rodolfo Jimenez, however, Mr Llasos admitted that he was frightened by the first shot and was oblivious to the surroundings of Mr Aquino's body as he ran away for cover.

CSO: 4200/593

PHILIPPINES

MANILA DAILY REPORTS ZAMBOANGA 'MASSACRES'

Manila BULLETIN TODAY in English 1 Feb 85 pp 1, 10

[Text] PAGADIAN CITY — At least 16 persons, including four members of a family, were massacred by two groups of heavily armed men believed to be members of the New People's Army (NPA) Wednesday in Aurora and Tucuran, Zamboanga del Sur.

Many more were seriously wounded in the two bloody incidents which happened almost simultaneously at 10 a.m., according to Lt. Col. Jesus Guerson, PC-INP provincial commander.

Guerson, in a report to PC regional commander, Col. Carlos Aguilar, identified 10 of 12 fatalities in the Aurora massacre as Genaro Mansueto, 20, Antonio Tahadlangit, 43, Guillermo de la Rama, 54, Gil Tiongson, 29, Tabios Llena, 27, Irana Tasuco, 35, Maria Bulongan, 23, Fedilino Mansueto, 54, Artemio Gumapay, 26, and Dodong Tahadlangit, 12.

The wounded in the Aurora massacre were taken to the Aurora General Hospital where many of them were given 50-50 chance to survive. They were not identified.

Guerson said that about 50 rebels converged on the village of Sibunig, commandeered a passing cargo truck and a passenger jeep, and then proceeded to barangay Lantungan which was having its market day.

They opened fire on the people in the market, killing 10 on the spot.

In the Tucuran incident, the rebels peppered with bullets the house of farmer Quirino Pepito Jr. in Barangay Buenasuerte, killing his wife Felisa, 31, mother Joaquina, 65, daughter Gemma, 14, and son Julito, 3.

Pepito himself was seriously wounded together with his father Quirino Sr., 68. (T.P. Rimando)

Five men believed to be members of the New People's Army (NPA) and two Army soldiers were killed in a five-minute battle last Saturday in Dampil, Lagonglong, Misamis Oriental, it was reported yesterday to Camp Aguinaldo.

The report sent by Maj. Gen. Josephus Q. Ramas, Army commanding general, to Lt. Gen. Fidel V. Ramos, acting chief of staff of the Armed Forces, withheld the names of the two slain soldiers, pending notification of the next of kin.

Ramas' report said that elements of the Army's 30th Infantry Battalion in two six-by-six trucks were returning from a combat mission when they were ambushed by some 50 terrorists.

CSO: 4200/619-E

PHILIPPINES

STRIKERS FOUND DEAD, OTHERS INJURED, UNDER SURVEILLANCE

Quezon City ANG PAHAYAGANG MALAYA in English 1 Feb 85 pp 1, 8

[Article by Desiree Carlos and Jun Lopez]

[Text] Bodies of three drivers earlier reported missing after being dispersed from the transport strike in Cubao last Jan. 28 were fished out of the Pasig river near Quiapo early yesterday morning. As this developed, a student arrested in the violent and bloody dispersal of the Cubao strike and now detained in Camp Panopio in Quezon City is reportedly suffering from physical injuries, showing signs of internal hemorrhage.

One of the dead drivers was identified as Benjamin Catibog. His remains lie in state at his home at 831 Norzagaray St, Quiapo, Police Are still investigating how he and the two still unidentified drivers met their fate.

The Nationalist Alliance for Justice, Freedom and Democracy (NAJFD) confirmed that Catibog was a supporter of the jeepney strike and participated in the Jan. 28 demonstration.

Eligio Vera Cruz, a University of the Philippines student, is reported to be vomitting, suffering from dizzy spells, excruciating pain and light fever.

Cruz was allegedly repeatedly truncheoned by the police during the dispersal of the strike picket last Monday. Lawyers who saw him yesterday asked the Medical Action Group to examine him and request the military to provide medical help. As of yesterday, he had not been x-rayed and the military at the camp allegedly only gave Cruz pain killers.

Meanwhile, film directors Lino Brocka and Behn Cervantes and 39 others arrested and held under a Preventive Detention Action for participating in the Jan. 28 strike, have been taken to Ipil Rehabilitation Center at Fort Bonifacio in Makati from the Quezon City jail.

The detainees were being charged for alleged violation of Presidential Decree 1834, or illegal assembly, a crime which is now non-bailable since it carries a penalty of death or life imprisonment.

Progressive groups plan to launch a series of protest actions starting next week to condemn police brutality and to press for the release of all arrested during the Jan. 28 forcible dispersal and the repeal of repressive decrees including the anti-subversion law (PD 1834).

Legal protests over the arrest and detention by PDA of Brocka, Cervantes and 19 others, mounted as groups that participated in the rally took steps to gain their release.

Mambabatas Pambansa Cecilia Munoz Palma, chairman of the Philippine Union for Human Rights, wrote President Marcos pressing for the immediate withdrawal of the PDA. She asked that the civil proceedings against the 39 detained be allowed to push through unhampered by the effects of the PDA.

Palma stressed that Marcos' immediate withdrawal of the PDA will be an affirmation of his sincerity in applying the Rule of Law.

The Convenor Group, in a statement furnished Malaya, lambasted the present administration saying that the PDA is "the ultimate weapon of repression. "To use it when the strike has been called off, against persons who admittedly had not been guilty or any acts of violence, is to admit the inability of the regime to govern by reason and without repression, the Convenor group said.

It is also a confession of the weakness of the government's case--if it has any--against those it has arrested; for if the government had confidence in its case, it would not need a PDA to detain Lino Brocka and the others," the Convenor group said.

On the other hand, the Concerned Artists of the Philippines which Brocka heads reiterated that the jeepney strike "raised just and legitimate demands that would benefit not only the transport strike but the entire population; among other things, it called for a genuine roll back of oil and gasoline prices by an average of P0.95 and not by a deceptive P0.22."

CAP also stressed that the rally was peacefull until the police started dispersing the demonstrators forcibly, with truncheons and tear gas.

Meanwhile, the members of the Alliance of Concerned Transport Organization (ACTO) reported that armed, surveillance teams are surrounding the homes of Bonifacio de Luna, ACTO chairman, and Pedro Bolinas, ACTO president, in an apparent "scare tactic harassment" of the strike leaders.

At the same time, the ACTO condemned the death of three drivers fished out of the Pasig as "salvaging."

CSO: 4200/591

PHILIPPINES

ENERGY MINISTER ON DECREASING ROLE OF NATIONAL OIL COMPANY

Quezon City ANG PAHAYAGANG MALAYA in English 2 Feb 85 p 3

[Article by Jake Macasaet in the "Business Views" column: "Velasco and RP's Privatization Plan"]

[Text] The Ministry of Energy is clearly in step with the times. Seeing a prolonged softness in the prices of crude oil in the spot market, Energy Minister Geronimo Velasco has publicly said, "I can see a decreasing role for the Philippine National Oil Co. in the area of supply." Velasco feels that "there is a less urgent need for PNOC to assume a large share in the importation of crudes and products as the private oil companies are now more able to bring in their own requirements." The major role that the PNOC will play in the next five to 10 years, according to Velasco, is that of "a diplomatic as well as supply link with the various oil exporting countries."

Velasco's recent public pronouncements also make it very clear that he does not believe in the prolonged presence of government in areas that can just as well be handled by the private sector. Otherwise, he would not have said that "there is (however) no reason why government will not consider selling off Petrophil to the private sector, given the right price and provided government is assured that it has sufficient regulatory power to protect the interests of public service."

But Velasco made it abundantly clear that "prices (of fuel products) will continue to be controlled by government and service stations supervised in much the same way that they are now."

As if to prove the sincerity of his statement and obviously realizing the magnitude of investments that it would take to buy Petrophil, Velasco said "it is possible to see the day within the medium-term when the government-owned refinery may be jointly owned with the private sector multinationals (Caltex and Shell)."

Velasco is prepared to let go of the other PNOC-owned companies provied "sale (should) always be made at a reasonable market price and not on the basis of a "fire sale." This would have sounded like a typical bureaucratic statement said many times before if the PNOC had not been granted a loan by the Asian Development Bank precisely to finance a long-term strategy study towards

privatization. In other words, Velasco deprived himself of the opportunity to determine unilaterally the terms of the privatization effort. Instead, he is commissioning a study, whose recommendations Velasco would obviously be bound to follow.

Velasco said "we have set no limits on which areas or subsidiaries can in fact be turned over to the private sector." To his mind, the basic considerations are economic and national interest objectives which will also be presumably defined in the ADB-funded study.

The study, incidentally, suggests at least two things. First, it would fully and publicly disclose the actual financial status of the different PNOC-owned firms for the appreciation of prospective buyers in the private sector, and second, it would set a trend on how to dispose of government-held or -owned business operations. Very few--in fact, Velasco might be the first--heads of government-run or -owned firms will open themselves up to public scrutiny. But then, Velasco has always run the PNOC firms in the style of the private sector. Being so, he knows how valuable full disclosure is to the prospective investors.

We can only wish that the government had adopted Velasco's ideas about privatization in the case of sugar and coconut oil. We had to wait for pressures from the IMF and the World Bank for us to dismantle the sugar and coconut monopolies.

CSO: 4200/591

PHILIPPINES

PROGRAM TO HEAD OFF RICE SHORTAGE REPORTED

HK051342 Davao City PEOPLE'S DAILY FORUM in English 14 Feb 85 p 7

[Article by Depthnews]

[Text] A crash two day season rice planting program has been launched by the Agriculture Ministry to head off a threatened serious shortage in the national staple next year.

The impending shortage was telegraphed by the government decision to import some 150,000 metric tons of rice from China and Indonesia through the National Food Authority (NFA).

However, NFA has been careful to explain that the grain purchases are for buffer stock purposes only as it flatly denied there is a shortage in the cereal.

The decision to import came in the wake of announcements from organized farm groups that a fall-off in the next rice harvest should be expected because many farmers are unable to shoulder rising production cost due to the ongoing national economic crisis.

Called "Intensified Rice Production Program," the effort is being financed by the Agriculture Ministry with a P450 million special fund which will go to the purchase of seeds and necessary farm inputs like fertilizers, pesticides and herbicides.

The program has two main objectives: production of an additional 600,000 tons of wet rice or palay by end of June, 1985, and to procure and maintain a government buffer stock of 400,000 tons.

The first crop is to be planted on 155,000 hectares during this November and December while the second during February and March next year right after harvest of the initial crop, according to the ministry.

Twenty major rice producing provinces have been selected by the ministry to participate in the crash program. Their selection is due to their ricelands being serviced by national, communal and pump irrigation systems.

The provinces represent all the agricultural regions of the country--Pangesinan, La Union, Ilocos Norte, Cagayan, Isabela, Nueva Vizcaya, Nueva Ecija, Pampanga, Bulacan, Mindoro Oriental and Occidental Cotabato, Davao del Norte, North Cotabato and Sultan Kudarat.

Expressing confidence that the target production will be achieved, the ministry said 80,700 hectares of the selected planting area are serviced by national irrigation systems, 56,700 hectares by communal networks, and 12,600 hectares by pump irrigation.

Strategies under the program were ticked off by the ministry as follows:

--Planting of two palay crops in areas serviced by efficient irrigation systems.

--Provision of adequate financing support through government and private sector agencies.

--Provision of full marketing assistance by the NFA through its grain procurement activities.

--Full agricultural service support to farmers specially in effective fertilizer usage, water management and pests and diseases control.

Three alternative financing schemes lace the production program. The ministry described them as "designed to production loans to farmers who would like to participate" in the program.

One scheme is worked by NFA by providing farmers qualified to participate in the program with material inputs. A revolving fund is furnished NFA by the ministry for the purpose aside from services of its farm technicians.

The second provides production loans to both farmers and grain processors through contract growing or forward selling agreements with NFA.

Rural banks implement the financing scheme using procedures under the Masagana 99 program, the ministry said.

Participating farmers are eligible to borrow not more than P3,000 per hectare under the financial schemes. The ministry said P1,675 of the amount is for the purchase of fertilizers, P775 for chemical inputs, P400 for seeds, and P150 for crop insurance premium. It is an imperative in efforts to prevent the country from reverting to rice importer status.

It also emphasized that the program is intended to bring back the "golden years" of rice production in the country which transformed the Philippines from a traditional importer of the cereal to a modest exporter.

The ministry said 1973-1983 were such "golden years" and credited the Masagana 99 program as the vehicle that brought about such an achievement.

However, the ministry acknowledged that the ongoing national economic crisis, whose intensity worsened starting last year, has put an end to the conditions which made the "golden years" possible.

Because of the economic crisis, the ministry said prices of farm inputs have doubled and even trebled, the nation's foreign exchange reserves are almost nil, there is tight credit and astronomical interest rates.

Such economic negatives exert a telling impact on rice production in the country and if such a situation continues, the possibility of the Philippines reverting to the status of "traditional rice importer may not be remote," the ministry said.

CSO: 4200/594

PRC BANANA PURCHASING DEAL REPORTED

Manila BULLETIN TODAY in English 2 Feb 85 p 17

[Text]

The People's Republic of China has bought 10,000 metric tons of Cavendish bananas from the Philippines for the first time. The first shipment will be made in March.

The sale was negotiated by Philippine International Trading Corp. (PITC) with China National Cereals, Oils and Foodstuffs Import and Export Corp. (Cereilfoods).

Jaime C. Gonzalez, PITC president, last month went to Beijing and invited a delegation to see the country's banana plantations, including loading and port facilities.

In response, China sent a three-member delegation led by Mdme. Dong Su Rong, deputy director of Cereilfood's fruits and vegetable department.

The Chinese delegation toured banana plantations in Davao, including Tagum, Philippine Packing, Stanfilco and Dahitri. These plantations will supply PITC the bananas to be exported to China with the "Philippines International" label.

The banana growers were excited to have China as a new market. Until recently, the major banana markets were Japan, the Middle East and Australia. Last year, PITC was able to sell 7,000 metric tons of bananas to Korea for the first time since five years ago when a ban on the importation of bananas was imposed.

PITC maintains an overseas trading office in China. It hopes to sell phosphatic fertilizer, copper cathodes and other products listed in the trade protocol between the Philippines and China.

CSO: 4200/619-E

BRIEFS

TOLENTINO ON RECALL POLICY--Foreign Affairs Minister Arturo M. Tolentino said yesterday his policy of recalling all "overstaying" ambassadors has been stymied by political "meddlers" and "padrions." "In principle, I would like to recall all ambassadors who have served more than eight years abroad, but I always encountered some difficulty in the implementation of this policy because of outside pressure or interference coming from the top and laterally," he said during a meeting with foreign ministry officials. At present, there are 18 "retirable" chiefs of mission, two of whom will be 71 this year. Tolentino said that an ambassador's relatives with "some political influence" intervene as soon as the ministry issues an order of recall. The ambassador himself suddenly pops up in Manila, not to report to the MFA but to seek out a "padrino" to plead his cause. He recalled that he once received a note from Malacanang requesting the extension of the term of an ambassador. "That is sometimes very difficult to deny, considering the request is only an extension and not an indefinite term," he said. [By Correspondent Olaf Giron] [Text] [Manila BULLETIN TODAY in English 28 Feb 85 p 8] HK281541

IMF STUDY--A group of officials from the International Monetary Fund is arriving in the country on Sunday. Heading the group is [name indistinct], deputy director for Asia of the IMF. The group will look at how the Philippines is carrying out the package of economic recovery measures. Results of the study are timely because the country will begin to draw, by the end of this month, the second portion of its $680 million standby credit from the IMF. [Text] [Quezon City MAHARLIKA BROADCASTING SYSTEM in English 0400 GMT 1 Mar 85] HK010710

WEAPON AGAINST DEMONSTRATORS--The Armed Forces of the Philippines [AFP] has invented a new weapon for use against unruly street marchers or demonstrators. The special weapon however does not kill. It only causes itchiness and tears to the victims. The special weapon, called Lipay itching bullet, was invented recently by the AFP Research and Development Center. The Lipay bullet is to be used only during violent demonstrations. The Lipay comes from the family of wild fruit in the wilderness of Mindanao. [Text] [Quezon City Maharlika Broadcasting System in English 0800 GMT 5 Mar 85 HK]

PRC SCIENCE, TECHNICAL EXCHANGE--A 6-man mission from China will arrive in Manila tonight. The mission will negotiate with their Filipino counterparts for scientific and technical exchanges for the present year as well as next year. The group is headed by Vice Minister Dong Zhiyong of the Chinese Ministry of Forestry. Deputy Director of the National Economic and Development Authority Ramon Cardenas will head the Philippine panel. [Text] [Manila Far East Broadcasting Company in Tagalog 1100 GMT 5 Mar 85 HK]

VENUE FOR RALLIES WITHOUT PERMITS--A bill that has been approved by the Committee on Justice, headed by Justice Minister Manuel Garcia, will be approved by the Batasan this week. The bill will allow rallies to be held without permits only at Freedom Park. Rallies to be held at other venues will require permits; however, no authorized demonstrations will be allowed to deteriorate into violence. [Text] [Manila Far East Broadcasting Company in Tagalog 1000 GMT 4 Mar 85 HK]

CSO: 4200/593

MILITARY AFFAIRS AND PUBLIC SECURITY

EDITORIAL URGES ERADICATION OF SUPERSTITIOUS PRACTICES

Hanoi HANOI MOI in Vietnamese 29 Dec 84 pp 1, 4

[Text] Recognizing that superstitious practices are a social ill left over by the old regime and cause many forms of damage to the people, our city has launched a quite early movement to invite the masses to fight them. However, in recent years, taking advantage of our country's post-war problems, many individuals who had voluntarily renounced their swindling trades returned to them to make a living. Scores of "living saints," "hell's generals," and mediums reappeared, cheated the people, sowed confusion, and affected adversely the people's health, family happiness, work, time and money.

While our people are confronted with a crucial need to use scientific progress to boost production and to build a new life and a new human being, they--the fortune tellers, physionomists and mediums--re-created an anti-scientific atmosphere of confusion among certain persons, spread feelings of instability, and disseminated false rumors to fish in troubled waters. Objectively, they gave a helping hand to the enemies' psychological warfare and indirectly thwarted the execution of a number of Party's and government policies. The sothsayers' and mediums' temples became miserable gathering points causing daily topsy-turvey events to occur and encouraging the development of other ills.

Certain unsteady and stupid individuals stepped into the snares of those swindlers-blasphemers. It is regrettable to note that even cadres, workers and employees sought their services and drew criticism and dissension from public opinion. The case of "comrade-medium Kieu Van" was a recent and eloquent example of what kind of harm superstitious practices can engender.

In past years, almost all localities have organized re-education courses for professional superstitious practitioners. However, because of lack of tight control, those tellers and mediums were able to continue their trades with new, more sophisticated and craftier tricks. The time has come that we cannot tolerate any longer those recalcitrants who refused re-education and willingly embarked on their old illegal practices. The draft of our State Criminal Code stipulated punishments for anybody charged with practicing superstition, and was welcome by the people. It is a testimony of our clear-cut attitude. We will not show any leniency vis-a-vis dishonest acts.

The New Year and the 1st month of the lunar calendar are a golden opportunity for the swindlers-blasphemers to do their trades. The authorities and the groups of various levels cannot tolerate those criminal activities. The immediate requirement of the initial phase of the fight against superstitious practices started by the city's leadership committee towards a new lifestyle is to cause a clear-cut change in the people's concept, primarily those who are still superstitious, about the harm that can be done in order that they rid themselves of mystical idealistic thoughts and of the habit to participate in those practices. The party organization must educate members and assist people's groups, unions, youth groups, and women's groups in teaching their members the revolutionary philosophy of life and worldview, in enhancing their cultural and scientific background, in boosting production, in improving their lives, and in creating fundamental conditions to eliminate superstitious practices from their spiritual lives. Especially, cadres whose minds are still confused about this social ill must be dealt with appropriate disciplinary measures because their attitude is totally incompatible with the personality of a vanguard warrior.

In terms of monitoring the struggle, the authorities and people's groups of wards and villages will, in conjunction with cultural, police, commerce and financial forces, step up each phase and severely deal with professional superstitious practitioners. After thorough investigations, they will eliminate assembly points and soothsayers' and mediums' temples, prohibit production and sale of sacrificial articles, and evict from temples and pagodas those who take advantage of superstition for profit. In the meantime, they will set up reform courses for fortune tellers and mediums to open for them an honest way to make a living, and severely punish recalcitrants.

For the interests of the people and for the sake of socialist construction and the protection of the fatherland, we will resolutely bring this campaign of eradication of superstitious practices to new victories in order to contribute successfully to the building of a new lifestyle--a civilized, sane and scientific lifestyle in the capital.

9458
CSO: 4209/215

MILITARY AFFAIRS AND PUBLIC SECURITY

CRACKDOWN ON CORRUPTION, GANG ACTIVITIES REPORTED

Thieves Jailed

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 27 Oct 84 p 4

/Article by H. B.: "Policy Subverters and Theives of Properties of Socialism Punished"/

/Text/ (SGGP) On 24 and 25 October 1984, the People's Court of the city has brought to trial Tran Duy Tan and Nguyen Duy Liem under charges of "straying away from economic and financial policies, regimes and procedures with intent, causing damages to the properties of socialism, and corruption." Also standing trial was Au Chan Hoang, charged with "Consumption of properties of socialism illegally usurped."

Tran Duy Tan was director and Nguyen Duy Liem, chief of the bureau of material supplies, of the River Lines Works Co No 2. Because of personal gain, from 1981 to mid-1982, Tan had several times directed the forging of papers, illegally authorized expenditures of company's properties to sell and set up a secret fund and squandered and stolen /public money/, causing great losses to the state's properties.

From 22 October 1981 to 24 January 1982, Tan illegally authorized the sale of 28 tons of iron bars of various sizes and many other material supplies, such as gasoline and oil and tires, receiving over 800,000 dong. Tan delivered to the company's treasury only 592,400 dong. From the remainder, Nguyen Duy Liem stole 40,000 dong, Tran Duy Tan stole 61,000 dong, and both squandered the rest, over 80,000 dong on expenses for a 1981 yearend party, and for a preliminary summary for the first 6 months of 1982. From 19 to 27 July 1982, Tran Duy Tan again signed orders to "yield" to certain agencies 120 bags of cement, 60 sheets of galvanized tin, and 2,500 bricks worth 30,946 dong at state prices and 81,500 dong at market prices. In reality, he had these material supplies hauled to Hoc Mon to build his house. Also in the same period, on grounds of "serving the transportaion and construction of company projects," Tan again signed orders to allow expenditures of 1,200 liters of oil, 401.5 kg of iron bars of various sizes, 360 screws, 45 hinges, 25 kg of nails, 0.3 kg of zinc wires, 0.7 m^3 of lumber, 5 m^3 of rocks, 2 tin sheets, and 6 panels of 5-mm glass. After leaving the warehouses, on Tan's orders, these material supplies were transported to Hoc Mon to build a house for his family. (The 1,200 liters of oil were traded for 12,000 bricks). Tan, for

"repair of a collective house," had also signed a disbursement order for 0.5 m^3 of type 1 lumber, six panels of 5-mm glass and other material supplies to have five glass cases, a double bed, and a soft built for him. In mid-1982, Tan made up stories pertaining to "the purchase of vehicles for the company" to sign disbursing orders for 5 tons of iron bars of various sizes, "yielded to agencies in the 1st District" 40 panels of 5-mm glass of special quality, and "traded for belts and saw blades" with 60 glass panels. In reality, these material supplies were transported to Ward 1, District 10 and sold to Au Chan Hoang for 140,000 dong. Tran Duy Tan also abused the authority of director to sign orders to disburse 198 sheets of plywood belonging to the Subdepartment of River Lines and stored at the River Lines Works Co No 2 because the former lacked of warehouses. He took 50 of those plywood sheets to build his house and sold the rest for nearly 40,000 dong.

After the defendants spoke their last words and defense counsel presented arguments in their favor, the People's Court of the city pronounced the following sentence: Tran Duy Tan, 16 years of prison; Nguyen Duy Liem, 4 years of prison; Au Chan Hoang, 18 months of prison. All defendants were ordered to make 343,000 dong worth of restitution to the state budget.

Armed Gang Arrested

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 24 Oct 84 p 4

/Article by H. B.: "Armed Gang Arrested"/

/Text/ (SGGP) Owing to close coordination with the youth assault forces to protect the bases' security, the Criminal Group of the Fourth District's police has recently arrested a professional robbery gang consisting of four members led by Huynh Hoang Van while they met in a coffee shop on Ben Van Don St. The police also seized a hand gun and five cartridges. After the arrest, the Criminal Group of the Fourth District's police immediately recovered two motorcycles that had been stolen before by the same gang who did not have the time to cannibalize them. The victims were invited to recover their vehicles. Huynh Hoang Van and his accomplices confessed that every night, they went to deserted and dark streets and parks, took advantage of the carelessness of motorcycle owners, and robbed motorcycles at gunpoint. Their tactic was to walk while committing their crimes because they could be easily identified if a stolen motorcycle were used in the robbery. Huynh Hoang Van confessed that owing to the above tactic, in the space of a week, they had robbed five motorcycles in the First, Third, Fifth and Tan Binh Districts.

9458
CSO: 4209/197

MILITARY AFFAIRS AND PUBLIC SECURITY

BRIEFS

COUNTERFEITERS ARRESTED--(SGGP) Recently, counterfeit goods makers have put in the market several types of counterfeit goods bearing foreign labels to deceive buyers, primarily those coming from provinces. A clue from the people led the Market Management Group of Phu Nhuan District to a search of the Nguyen Phuc Household at 272 Truong Tan Buu St which engaged in the production of bogus pullovers; 136 garments printed with 555 and Cap-tang cigarette labels were confiscated. In the 11th District, the Market Management Group uncovered the owner of the house at 582/7 Nguyen Chi Thanh, rented to Vuong Ai Le, to produce bicycle rims under the brandname Araya (Japan) without a manufacturing license. Evidence consisted of 388 rims, a pressing machine and a faked stamp for the trademark. The Fifth District's Market Management Group searched the Ly Viem Household at 200 Van Tuong St and prosecuted the occupants for making counterfeit perfumes bearing foreign brandnames. /Text/ /Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 31 Oct 84 p 4/ 9458

CSO: 4209/197

INTERNATIONAL RELATIONS, TRADE AND AID

FEATURE ON THANH HOA'S LINKS WITH LAO PROVINCE

BK190111 Hanoi VNA in English 1536 GMT 18 Feb 85

[Text] Hanoi VNA 18 Feb--The Vietnamese province of Thanh Hoa and its Lao sister province of Houa Phan last year exported to each other commodities worth 2,145,000 dong (Vietnamese currency).

Thanh Hoa and Houa Phan, situated along the Vietnamese-Lao border, are linked together by a small river. The people in the two provinces have since long been living in unity and close fraternity, fighting side by side against the French colonialists then the U.S. imperialist aggressors.

In furtherance of the resolutions of the central committees of the Communist Party of Vietnam and the Lao People's Revolutionary Party, Thanh Hoa and Houa Phan in 1967 signed an economic and cultural agreement aimed at enhancing their special friendship comprehensive cooperation and mutual assistance.

In the 1967-1976 period, Thanh Hoa sent many economic and technical cadres to Houa Phan to help build 20 pilot villages in agricultural, industrial and handicraft production. Those cadres also helped build in Houa Phan several communications and transport, and irrigation projects, small hydroelectric power stations, farming machine repair workshops, rice husking mills and medium sized food processing workshops.

Since 1976, Thanh Hoa has helped Houa Phan build two medium-sized irrigation projects at Muong Phat in Samtai district and Muong Long in Siangkho district, and repair two other irrigation projects--Sapsan and Talang--supplying water for 300 hectares.

Thanh Hoa has helped Houa Phan survey and (?hone) the Loung Ngom citrus farm in Muong Lat district, a 400-head stockbreeding farm, and build two bridges on the national highway and an interdistrict road, several cultural projects and more than 9,000 square metres of housing space, including supply and marketing shops, the Houa Phan infirmary, the provincial party committee office, a 150-bed hospital in Siangkho district town and a high school, and in the survey, zoning and construction of the new district capital of Viangsai.

In trade cooperation, Thanh Hoa exports to Houa Phan farm products and foods such as dried fish, fish sauce, etc., and in return imported from Houa Phan medicinal herbs and materials to restore its traditional bronze-casting trade.

In cultural cooperation, in the 1976-1979 period, Than Hoa helped Houa Phan train 520 students at elementary and secondary courses of agronomy, carpentry and forgery [as received].

Since 1979, Thanh Hoa has trained for Houa Phan almost 270 middle-level students specializing in survey, water conservancy, photography, wood carving, etc.

In the sports field, visits of provincial delegations and teams of athletes, cadres and coaches have been exchanged for mutual understanding and study thus further promoting their solidarity.

Regular meetings between Thanh Hoa and Houa Phan Provinces have been held in a spirit of socialist internationalism and with the authorization of the two states to work out measures for coordination in national defence, in the maintenance of public security and in building the border line between the two provinces.

CSO: 4200/497

INTERNATIONAL RELATIONS, TRADE AND AID

NHAN DAN CONDEMNS AGGRESSION AGAINST NICARAGUA

OW020731 Hanoi VNA in English 0705 GMT 2 Mar 85

[Text] Hanoi VNA 2 Mar--"The Vietnamese people, together with progressive mankind, strongly condemn the aggressive policy pursued by the U.S. imperialists against Nicaragua, and demand that the Reagan administration stop its blockade and threat of aggression against Nicaragua," says NHAN DAN in a commentary today.

The paper says: "The Washington administration's hostile policy toward the Republic of Nicaragua and Reagan's threat to use force against the Sandinista revolution are straining the situation in Central America more and more, seriously threatening peace and security in the region, Nicaragua's national sovereignty in particular. President Truong Chinh's letter dated February 28, 1985 to President Daniel Ortega has expressed the Vietnamese party, government and people's deep concern about the above-said situation, and their solidarity with and full support for the just cause of the fraternal Nicaraguan people."

The paper goes on: "The on-going acute political and social conflicts in the Central America-Caribbean region are due to the colonialist and imperialist policy pursued by the United States. Today, Washington is fanning up these conflicts in service of its policy of expansionism and exploitation. The successful Sandinista revolution and the development of the revolutionary struggle in El Salvador are logical results of the arduous struggle between the forces of national independence on one side and imperialism on the other, The Nicaraguan people have conducted a very gallant fight over the past half-century, shedding so much blood and accepting innumerable other sacrifices before securing genuine independence and freedom. Today, they are putting all efforts in building a new, democratic, progressive and prosperous regime. This is a just cause conforming with the evolution of history."

"Over the past six years," the paper goes on, "the Nicaraguan Government and people have made valuable contributions to the common struggle of the Latin American people and peace-loving people across the world for cooperation and friendship among nations. The Nicaraguan Government has many times demonstrated its desire to normalize its relations with the United States and other countries in the region. It has made clear its stance of solving the disputes in the relations between countries by peaceful negotiations. On February 28, when the United States carried out its provocative military exercises and the

Reagan administration voiced its threat to overthrow the new government in Nicaragua, the Nicaraguan Government once again reiterated its ardent wish to have peace in Central America."

NHAN DAN pointed out that the well-meaning stance of the Nicaraguan Government has enjoyed support from wide segments of public opinion in Latin America. By contrast, the U.S. imperialists have overtly rejected a political solution. In an attempt to abolish Sandinista regime, they are scheming to launch a war against Nicaragua as they did against Grenada in October 1983.

"As brother and comrade-in-arms on the same frontline, we express our deep concern about the tense situation in Central America, and fully support the efforts of the Nicaraguan Government aimed at solving the Central American question by means of peaceful negotiations. At the same time, we firmly believe that the fraternal Nicaraguan people, with the solidarity and support of the world revolutionary and peace-loving forces, will overcome all difficulties and defeat all schemes and acts of the U.S. imperialists to firmly defend their country and take their revolutionary cause forward," the paper says in conclusion.

CSO: 4220/497

INTERNATIONAL RELATIONS, TRADE AND AID

TRUONG CHINH LETTER REAFFIRMS SUPPORT FOR ANGOLA

OW031634 Hanoi VNA in English 1445 GMT 3 Mar 85

[Text] Hanoi VNA 3 Mar--"We deeply understand and strongly support the principled stance and good-will attitude of the People's Republic of Angola aimed at achieving an overall solution for southwestern Africa and securing independence, sovereignty and territorial integrity for Angola and the independence of Namibia," said Truong Chinh, president of the State Council, in a letter to Angolan President Jose Eduardo dos Santos.

President Truong Chinh's letter, which was in reply to President dos Santos's January 20, 1985 letter, said: "Since winning independence, the heroic Angolan people have continued to hold high their revolutionary banner, overcome untold difficulties and sacrifices to build the country and, at the same time, conducted a persistent struggle against the undeclared war of the U.S. imperialists and the South Africa racists in order to defend national independence and sovereignty."

"At present," the letter went on, "the struggle of the Angolan people is facing new difficulties and trials. The U.S. imperialists and the racist regime in South Africa, in collusion with the other reactionary forces, are pushing ahead their policy on intervention, aggression and division in hopes to slacken the militant solidarity of the front-line countries and check the support of countries for the just struggle of the Namibian and South African peoples under the leadership of the SWAPO and the ANC. That situation requires that the revolutionary forces in southern Africa strengthen their solidarity, and heighten their vigilance against all schemes and manoeuvres of imperialism, racism and the other reactionary forces."

President Truong Chinh reaffirmed the Vietnamese Government and people's unswerving and resolute support for the just and patriotic struggle of the fraternal Angolan people.

CSO: 4200/497

TRUONG CHINH REAFFIRMS SUPPORT FOR NICARAGUA

BK0200035 Hanoi VNA in English 1625 GMT 1 Mar 85

[Text] Hanoi VNA 1 Mar--I assure you and the Nicaraguan people of Vietnam's militant solidarity with and its full support for your arduous but certainly victorious struggle, said President of the State Council Truong Chinh in his reply to the letter of Nicaraguan President Daniel Ortega.

President Truong Chinh said: The Vietnamese people, who have undergone a long struggle for independence and freedom, are following with warm sympathy the Nicaraguan people's just struggle, and sharing with the Nicaraguan people's deep concern about the present situation in Central America.

After condemning the Reagan administration for going all length to subjugate the heroic Nicaraguan people in the struggle for national independence and sovereignty and causing tension in Central America, President Truong Chinh goes on: The Vietnamese people highly value the great and good-will efforts of the fraternal Nicaraguan Government and people aimed at settling the situation in Central America through negotiations. The U.S. Government must respond seriously to Nicaragua's good will.

I am deeply convinced that under the correct leadership of the Sandinista National Liberation Front, the vanguard contingent of the Nicaraguan people, and the government of national reconstruction led by you, and strong with the solidarity and support of the revolutionary and peace-loving forces all over the world, the heroic Nicaraguan people will surely defeat all schemes and moves of U.S. imperialism, firmly defending their fatherland, thus continuing to bring their revolutionary cause constantly foreward.

CSO: 4200/497

HANOI RECAPITULATES SELECTION OF OFF-SHORE WORKERS, STUDENTS

Hanoi HANOI MOI in Vietnamese 30 Nov 84 pp 1, 4

[Text] On 24 November, the city People's Committee has held a meeting to recapitulate 5 years of selection of off-shore students and workers (1980-1984).

In the past 5 years, the city has selected and sent abroad 9,938 persons, reaching 80.2 percent of the plan. They were chosen primarily from the construction, textiles, sewing, mechanical, electricity, services, candy production, ceramics, glass, leather shoes, and toys, sectors; 48 percent were skilled.

Generally speaking, although the number of off-shore workers was not large, the city was able to gather an outstanding group of technical workers capable of assimilating well the technological know-how of foreign countries to serve the fatherland upon return. Nevertheless, the selection of off-shore workers still has many shortcomings that need to be overcome.

In the near future, Hanoi will welcome back over 10,000 persons whose terms abroad expire. All sectors and levels must be prepared to greet them duly and to give them appropriate assignments.

Cooperative labor [exchange with foreign countries] may be continued. Therefore, we must carefully review purposes, norms and selection procedures in order to meet the requirements agreed upon between our country and foreign ones. We must make sure that norms are met and policies are strictly carried out. We must avoid any form of passivity in the selection.

9458
CSO: 4209/215

BRIEFS

ARMY DAY GREETINGS TO GDR--Hanoi VNA 28 Feb--Defense Minister General Van Tien Dung has sent a message of greetings to his GDR counterpart, General Heinz Hoffmann, on the 29th Army Day of the GDR. The message reads: "We have followed with profound sympathy and admiration the achievements of the GDR Army during the past 29 years. Today, the GDR Army is holding firm its weapons to defend the GDR and together with the armies of other fraternal socialist countries is safeguarding peace and security in Europe and the rest of the world." The message expresses sincere gratitude towards the party, government, people and army of the GDR for their support and valuable assistance to the Vietnamese people and army in their past arduous revolution and struggle as well as in national construction and defence at present. [Text] [Hanoi VNA in English 1508 GMT 28 Feb 85]

VNA, CUBAN INFORMATION AGENCY AGREEMENT--Hanoi VNA 2 Mar--VIETNAM NEWS AGENCY (VNA) and CUBAN NATIONAL INFORMATION AGENCY (AIN) signed here today an agreement on professional cooperation. Under the agreement, the two sides will enhance their exchange of news reports, photos and documents and arrange meetings between VNA and AIN reporters and photographers with a view to better serving the propaganda of the national construction and defence in the two countries, especially Vietnam's major anniversaries this year, and strengthening the militant solidarity and close friendship between the two peoples. Signatories were Dao Tung, VNA general director, and Ms Carmen R. Alfonso, member of AIN leadership, who is leading an AIN delegation on a friendship visit here. The Cuban guests have met with leading officials of various ministries and economic branches. They visited many economic and cultural establishments in Hanoi, Ho Chi Minh City and Quang Nam-Danang Province. [Text] [Hanoi VNA in English 1511 GMT 2 Mar 85]

TRADE DELEGATION VISITS BULGARIA--Hanoi VNA 2 Mar--Andrei Loukanov, alternate member of the Political Bureau of the Bulgarian Communist Party Central Committee, and vice chairman of the Bulgarian Council of Ministers, has received in Sofia the visiting trade delegation of the Vietnamese Government led by Vice Minister of Foreign Trade Nguyen Manh Cam. Vice Chairman A. Loukanov exchanged views with Vice Minister Nguyen Manh Cam on the economic and trade cooperation between Vietnam and Bulgaria. Present on this occasion were Vietnamese Ambassador to Bulgaria Luong Trong Vhu and Bulgarian Vice Minister of Foreign Trade M. Marinv. [Text] [Hanoi VNA in English 1513 GMT 2 Mar 85]

CHINESE DISTORTION OF HISTORY CRITICIZED--Hanoi VNA 2 Mar--A symposium on the Chinese expansionist historians' distortions of Vietnamese history was held recently in Hanoi by the Institute of History under the Vietnam Committee for Social Sciences. More than 20 reports and speeches were delivered by Vietnamese historians at this symposium, exposing the Chinese historians' motives in distorting Vietnam's history through their publications and broadcasting programs, as well as in their symposiums and seminars since 1978. Summing up the symposium's work, Prof Van Tao, director of the Institute of History, said: "Chinese expansionism and hegemonism has been using history as a means to sabotage Vietnam, deceive and poison the mind of the Chinese people and mislead world opinion. The struggle to defend historical truths at this symposium has been a significant work to expose the dark schemes of Chinese expansionism and hegemonism in history." [Text] [Hanoi VNA in English 0702 GMT 2 Mar 85]

DANISH CHARGE DEPARTS--Hanoi VNA 2 Mar--U. Nelweg Larsen, Danish charge d'affaires A.I. in Vietnam, left here yesterday at the expiry of his term of office in Vietnam. [Text] [Hanoi VNA in English 1508 GMT 2 Mar 85 OW]

SPECIAL ENVOY TO SURINAME--Hanoi VNA 3 Mar--Ambassador Hoang Bich Son, special envoy of Chairman of the Council of Ministers Pham Van Dong, recently paid a visit to the Republic of Suriname where he attended the 5th anniversary of the revolutionary day of Suriname. On February 24, the Vietnamese envoy was received by President Randat Misier. The following day, he called on Lieutenant Colonel Desi Bouterse, leader of the Suriname revolution, the prime minister and other leaders. In his meeting with the permanent secretary of the Suriname Ministry for Foreign Affairs G. Alvarez, the two sides exchanged views on bilateral relations and international issues of mutual concern. Hoang Bich Son left Suriname on February 28. [Text] [Hanoi VNA in English 1450 GMT 3 Mar 85]

CSO: 4200/497

PARTY ACTIVITIES AND GOVERNMENT

VNA ON VIETNAM'S ROLE IN FIGHT AGAINST FASCISM

OW011100 Hanoi VNA in English 0729 GMT 1 Mar 85

[Text] [No dateline as received] The Vietnamese Revolution in the Fight Against Fascism--Vietnam's Participation in the International Democratic Front Against Fascism Before World War II

The July 26, 1936 meeting of the party Central Committee is an event of historic significance of the Indochinese Communist Party. It pointed out that the French colonialists and the fascists were the enemies of the Indochinese revolution, and called on all political parties, organizations and strata of the people in the country to unite for democratic freedoms, better living conditions and peace.

The meeting pointed out that fascism was the concrete and direct enemy of the world people, including the Indochinese peoples, and that the reactionary colonialist force in Indochina was part of fascism in France opposed to the Indochinese democratic forces including the French democrats. Fearing that the democratic reforms in France would exert a positive influence on the struggles for democracy and welfare in Indochina, they tried to detach Indochina from France then under the popular government of Leon Blum and established the fascist rule right in colonial Indochina.

In light of this assessment, the party decided to form a broad front aimed at isolating the enemies to the greatest extent.

The 7th Congress of the Comintern pointed out that in face of the fascist danger, the choice for the communist parties and working people throughout the world was not capitalist democracy or proletarian dictatorship, but capitalist democracy or fascism.

The party Central Committee decided to found the Indochinese Democratic Front to fight for democratic reforms and achieve the elementary democratic rights.

Democracy in Vietnam contains elements of nationalism. The struggle for democratic freedoms is a specific expression of the struggle for national interests. The enemies of democracy being also the common enemies of the nation, the democratic forces were essentially those fighting for national independence. Some demands of the democratic forces coincided with the demands

of the nation such as freedom of press, freedom of association, release of all political prisoners.

One of the characteristics of the Vietnamese revolution was that all the forces against the reactionary colonialists and fascism allied with one another in a Democratic Front, including workers, peasants, the petty bourgeoisie, the national bourgeoisie and democratic personalities in the country, under the unified leadership of the Communist Party and in alliance with the French Socialist Party branch in northern and southern Indochina, and with Chinese and Indian residents who approved democracy.

In Tonkin (northern Vietnam), under the clearsighted leadership of the party regional committee, the democratic movement won a number of successes, such as the holding of a big mass rally on May Day in 1938, the publication of the electoral program to the people's chamber of Tonkin in 1938 in the paper DEMAIN (TOMORROW) and in the party paper TIN TUK (NEWS) and in other papers of the Democratic Front, the successful campaign for the front in the election. [sentence as received]

In face of the fascists' intensified preparations for war against the Soviet Union and other democratic forces in the world, expanding its war of aggression against China to south China and occupying a number of islands, posing a direct threat to Indochina, the party put up the slogan "Let's Defend Indochina" and launched a mass movement for its realization by the colonial authorities.

To safeguard the interests of French imperialism to Indochina in face of the danger of aggression by Japan, the colonial authorities in Indochina were also forced to advocate the defence of Indochina. But their intentions and objectives differed from ours.

Our party pointed out that to effectively defend Indochina, it was necessary to carry out democratic freedoms, improve the people's life and arm the people. By contrast, the colonial authorities' policy was to build more fortresses, and impress more young men into the army, abolish democratic freedoms. The party also rejected the colonial authorities' contention that democratic rights would be granted after the Japanese had entered Indochina.

In order to set up and broaden the Democratic Front against the reactionary colonialist and their henchmen in the country and the international fascists, first of all the Japanese fascists, the party also pointed to the need to fight against the Trotskyites. The Trotskyites in Indochina distorted the international situation, claiming that the fascist danger was invented by the Third International in order to oppose the Democratic Front. They urged the formation of a worker-peasant front. They did not demand democratic freedoms but establishment of proletarian dictatorship, which made our people lose vigilance and fall into the provocative scheme of the colonial reactionaries. The party pointed out that the Trotskyites in other countries had openly offered their service to fascism and their leaders had become effective agents of fascism and without unmasking the Trotskyites in Indochina it would be impossible to arouse the population to the fascist danger.

Many leading cadres and theoreticians of the party wrote several books about the fight against fascism, such as "The Fascist Danger," "The Danger of War and the Defence of Indochina," "Pan-Asian Doctrine--Japan's Aggressive Policy," "Trotskyites and Counterrevolution," "The Defence of Indochina," "The National Question in Indochina," etc. The newspapers of the party Central Committee and of the party regional committees deal regularly with the fight against fascism, the danger of war and the fight against Trotskyites.

The articles signed D.C. Lin or P. Lie (pseudonyms of President Ho Chi Minh) in the paper DAN CHUNG (THE PEOPLE), organ of the party Central Committee, or NOTRE VOIX (OUR VOICE), organ of the Party Committee in Tonkin, and his letters to the party Central Committee were instructions elucidating the tasks of the Vietnamese revolution in the period of the democratic movement against fascism.

In 1938, the deracinated intellectuals panegyrized [as received] Japan to clear the deck for the fascists' entry into Indochina. The papers of the party and front denounced in time their antinational contentions and unmasked them as agents of the Japanese fascists.

[OW011102] When China was attacked by Japan, many Chinese crossed the border to take refuge in Vietnam. The party called upon the people to provide them every possible help. Money and medicaments were sent them through the Chinese consulate. The party also sent letters to the Chinese people encouraging their anti-Japanese struggle. When the colonial reactionaries in Indochina decided to close the northern border to prevent the Vietnamese people from assisting the Chinese resistance to the Japanese fascists and check the flow of Chinese refugees, the party voiced its strong protest and denounced them for lending a hand to the Japanese fascists.

From 1936, many Vietnamese residents in France took part in anti-fascist meetings and responded to fund-raising movements launched by the French popular front in support of the Spanish people's struggle against fascism. When the civil war broke out in Spain, the Comintern organized the International Brigade to help the Spanish people in their fight against fascism, two Vietnamese in France joined the brigade and, armed with Soviet weapons, they fought valiantly beside other internationalists against the Franco dictatorship.

Thus, under the correct and creative leadership of the party, the Vietnamese people, in coordination with the world democratic forces, joined in the fight against fascism, associating their international duty with the interests of the working class and people in the country in the fight against the colonial reactionaries and their henchmen for democratic freedoms, for the improvement of their living standard and for peace.

Combination of the Fight Against Fascism With the National Liberation Revolution During the Second World War

The fascists' unbridled acts of war provocation, the cowardice, capitulation and compromise of the ruling circles in the capitalist countries which were encouraged by the opportunists who had betrayed the interests of the working

class and people in many countries, led to the outbreak of the Second World War.

In Indochina, as from 1939 the colonial reactionaries had progressively increased their blatant counterattack against the democratic forces when the war spread to this region they brazenly resorted to war-time fascist policies to abolish all the rights and interests the Vietnamese people had gained through their struggle in the previous years.

In the face of that situation, the party Central Committee met in early November 1939 to reassess the situation in the world and in Indochina, and decided to effect changes in the strategy and tactics of the revolution. These consisted in replacing the Democratic Front, which was no longer suitable to the new situation, by the Indochinese National United Anti-imperialist Front, uniting all the Indochinese nations in the struggle against French imperialism, the fascist aggressors and their lackeys of all stripes aimed at regaining national liberation and independence for Vietnam, Laos and Kampuchea.

The conference anticipated that the Japanese fascists would soon enter Indochina, and the French imperialists would surrender. Under the fascist yoke, the Vietnamese people would have to suffer enormously. But, on the other hand, in the new situation, the Indochinese revolution would enjoy new favourable conditions. The war would exacerbate the contradictions inherent in a semifeudal and colonial society to extreme antagonisms which would demand an immediate solution. The main, and also the deepest contradiction was the contradiction between imperialism and Indochinese people, the conference pointed out.

In September 1940, a detachment of the Japanese Army in China crossed the border into Vietnam while another landed at the Do Son beach. After a few minor clashes with them, the French imperialists surrendered, handing Indochina over to the Japanese fascists, and joined hands with them to oppress and exploit the Vietnamese people.

The Indochinese people now had to directly cope with the French imperialists in collusion with the Japanese fascists. Antifascist actions simultaneously broke out in virtually every corner of the country, in the forms of political and armed struggle, peaceful and violent.

The November 1940 Plenum of the Central Committee of the Communist Party of Indochina decided to maintain and develop the Bac Son guerrilla group, which was formed in September 1940, turning it into the Vietnamese National Salvation Army placed under the command of the Party Committee for Tonkin.

In May 1941, the 8th Plenum of the Party Central Committee held under the chairmanship of Comrade Nguyen Ai Quoc [word indistinct] the line of the national liberation revolution, placing the national question in the context of the national struggle of each Indochinese country--Vietnam, Laos and Kampuchea. It decided to launch a struggle against both the French imperialists and Japanese fascists, to lead partial insurrections in the localities to pave the way for a general armed insurrection throughout the country to seize power.

On June 22, 1941 the Nazi fascists attacked the Soviet Union.

On December 7, 1941 the Japanese fascists attacked at Pearl Harbour a naval fleet of the United States, a member of the anti-fascist alliance, and officially declared war on Great Britain and the United States, starting the Pacific War.

On December 21, 1941 the party committee issued a communique entitled "The Pacific War and the Urgent Tasks of the Party" which was passed down to all regional organizations. The communique analyzed the causes of the Pacific war, pointing to the inevitable victory of the anti-fascist and democratic forces and laying down the tasks of the Indochinese nations.

On December 13, 1941 the Japanese fascists in Indochina forced the French imperialists to sign another treaty by which France would give Japan complete freedom of action, became a mere executor of Japan's orders and served the Japanese fascists' war. The Japanese fascists who had earlier forced the Vietnamese people to supply them with food, money and even manpower for their armed forces, now became even more arrogant in pushing that line.

[OW011104] Envisaging the possibility that the Chinese Army could join forces with Great Britain, the United States and Vietnam to fight against the Japanese fascists the party Central Committee decided that "if the Chinese Army enters Vietnam," Vietnam would ally with China on the principle of "equality and mutual assistance" while making it clear for the Chinese that by helping the Indochinese revolution they were working for their own salvation, and that they should come to fight against the Japanese fascists side by side with the Indochinese peoples, not to conquer Indochina. As for Great Britain and the United States, our alliance would be a conditional one since we shared with them the same interest in fighting the Japanese. If they supported the Indochinese revolution, we would concede some privileges to them. But if they helped the French restore their rule in Indochina, they would be resolutely opposed.

Besides the tactical dealings with the allied armies, the communique also pointed to the need to seize the right opportunity to stage partial insurrections in order to set up the revolutionary administration, then in its name, negotiate with the allied armies. The party, at the same time, exhorted the people to keep up their staunch fighting spirit, to be deeply imbued with the spirit of self-salvation, to discard all tendency to rely on other or to wait for another country to come and help liberate Vietnam. [sentence as received]

In France, besides the Anti-Nazi Resistance Forces led by the French Communist Party, other forces were also active, among them the De Gaulle faction. The party decided to set up a united front of all anti-fascist democratic forces in Indochina aimed at rallying foreigners behind the Indochinese people's anti-Japanese struggle, including the French of the De Gaulle faction, the Chinese, the Indians.... The efforts to ally with the De Gaulle faction was unsuccessful due to its tendency of taking advantage of the common struggle against Japan to restore France's colonial rule in Indochina.

With a view to broadening the Anti-Japanese Democratic Front the party decided to cooperate with the Chinese Kuomintang force in Hunan headed by Zhang Woukue in order to polarize the Vietnamese reactionary parties and groups which were operating under the umbrella of the Chinese Kuomintang against the Vietnamese revolution, such as the groups led by Vu Hong Khanh, Nghiem Ke To, Truong Con Boi, etc.

With regard to the United States, we contacted the U.S. Mission in Kunming (China) to seek its support for the anti-Japanese struggle in Indochina.

All the above-said activities were at the same time aimed at joining forces with the International Democratic Front against fascist aggression in the frontal assault on the stronghold of international fascism and supporting the Soviet Union in its fight against nazi fascism.

A prominent feature of the Vietnamese revolution in this period was the rallying of all anti-imperialist and anti-fascist forces in the Viet Minh Front (short for League for Vietnam's Independence), an unprecedentedly broad national front led by the Communist Party of Indochina. There was then in Vietnam no such force which fought both fascism and communism as was the case in China, Great Britain, France, Poland, Czechoslovakia at the time. This was due to the natural development of the Vietnamese revolution from its anti-fascist movement in the 1936-39 period of the Democratic Front sponsored, organized and led by the party.

The Vietnamese people's anti-fascist struggle took place in all fields, political, economic, military, cultural and diplomatic.

As the battle against Japanese fascism was fought at home many overseas Vietnamese joined their internationalist friends in taking up arms against fascism. In France, the Vietnamese members of the French Communist Party, together with Vietnamese labourers and soldiers, joined in various anti-fascist guerrilla groups. Many of them died as heroes alongside French communists and patriots. In China, many Vietnamese joined the Chinese "Eighth Route Army" and the anti-Japanese armed and paramilitary forces of the Chinese peoples. In the Soviet Union six Vietnamese took part in the fight to defend Moscow.

When the nazi-fascists attacked the Soviet Union, the party quickly made public its position, expressing firm confidence in the inevitable victory of the Soviet Union. The Vietnamese people closely followed each setback as well as each success of the great anti-fascist war of the Soviet Union and the world democratic forces. The revolutionary press in Vietnam gave a day-to-day account of the development of the Kurs campaign in the Soviet Union; of the landing of the British and U.S. Forces at Normandy which opened the second front; of the on-goings of the Tehran and Yalta conferences; of the Soviet Union's strategic counterattacks which resulted in the liberation of a series of countries in eastern and central Europe and in the final capture of the last stronghold of fascism in Berlin; of the Soviet Union's declaration of war on Japan and Japan's capitulation to allies, etc. Every piece of news about the victory of the Soviet Union and the world anti-fascist democratic forces was in return, a great encouragement for the Vietnamese people, urging

them to coordinate their attacks on the enemy and to take advantage of the situation to push the national liberation revolution to a higher level and prepare conditions for a general insurrection, such as building and developing the armed forces and establishing resistance bases.

Faced with the danger of collapse, the Japanese fascists were forced to stage a coup d'etat on March 9, 1945 to install in Vietnam a pro-Japanese puppet government. A meeting of the Standing Committee of the Central Committee of the CPI [Communist Party of Indochina] which was held during the night of the coup, issued an instruction entitled "The Japanese-French Shoot-out and Our Action" starting a revolutionary tide against Japan in preparation for the general insurrection.

[OW0111106] Seizing the opportunity offered by Japan's defeat and unconditional capitulation to the allies, the party launched the general insurrection to overthrow the pro-Japan government, and establish the revolutionary power throughout the country, build an independent state under the leadership of the party, the first worker-peasant state in Southeast Asia.

In short, the Vietnamese people took part in the anti-fascist Democratic Front as early as 1936, and in the light of the resolutions of the 7th Congress of the Comintern, had adroitly adapted the forms and methods of the struggle to the concrete historical conditions of Vietnam, a French colony, directly confronted Japanese fascism, closely associated the struggle for democratic freedoms and welfare of the people with the International Democratic Front against fascism, and joined in the efforts to check the danger of war; when the world war broke out, they waged a revolutionary war to liberate the country from fascism, and seized the right opportunity created by the collapse of fascism to put an end to the colonial rule which had lasted for nearly a century, taking the Vietnamese nation and revolution to a turning point.

The most fundamental factor which decided the success of the Vietnamese people's struggle against fascism, and also a special feature of the Vietnamese revolution was the correct and creative line, policies and tactical measures of the Communist Party of Indochina which enabled it to unite and lead all the democratic and national forces to prevent a fascist war (1936-39), to fight against fascism during the war and to complete the national liberation revolution, build a people's democratic state progressing along the line of a proletarian revolution and in accordance with the law of development of history and society.

CSO: 4200/497

PARTY ACTIVITIES AND GOVERNMENT

BRIEFS

YOUTH THEATER GROUP--The Vietnam International Association of Theatre for Youngsters (Assitej) has been founded with Ha Nhan, director of the youth theatre, as its president. Among those present at its public appearance here yesterday evening was National Assembly Chairman Nguyen Huu Tho. The Vietnam Assitej officially adhered to the Assitej in 1984. Its past activities include performance for children and youngsters in many localities. The association plans to arrange a seminar entitled "School and Theatre" this year. [Text] [Hanoi VNA in English 1453 GMT 3 Mar 85]

FORESTRY FARM MANAGEMENT POLICY--Hanoi VNA 4 Mar--The Council of Ministers has just issued a stipulation on the policy of labour, wages and living conditions at state forestry farms. The stipulation allows state forestry farms to use local manpower and send labourers to build new economic zones, chiefly under long-term contracts so as to meet the needs of work according to adopted plans. The state forestry farms can extend the application of the product-based contractual quotas system to each group and individual worker and stimulate the forms of contractual quotas in order to heighten the sense of responsibility for the management and protection of forests. Each family of state forestry farm workers receives from 500 to 1,000 square metres of land (according to the conditions at each place) to build houses and tend gardens. The state forestry farms can sell wood, bamboo or other materials to their cadres and workers to build houses at their farm. [Text] [Hanoi VNA in English 0713 GMT 4 Mar 85]

CSO: 4200/497

SYNCHRONIZED IMPROVEMENT OF ALL SECTORS IN ECONOMY URGED

Hanoi HANOI MOI in Vietnamese 28 Nov 84 p 3

[Article by Quan Ly: "From the Enterprise to the Construction Site: Uniform Change"]

[Text] Since the resolution of the Sixth Plenum of the VCP Central Committee, nearly 6 months have gone by. At many industrial factories and enterprises of the central and local levels as well as in many sectors, leadership and management have formulated concrete action plans to carry out the resolution. Substantial results have been achieved, new products have been manufactured and economic efficiency has been proven better than before. Several city functional agencies such as the Planning Committee and the Department of Statistics have issued memoranda to provide guidance for their subordinate units in order to improve management techniques in accordance with the spirit of the resolution. Those actions contributed to the solving of some of the present-day production problems.

Nevertheless, certain sectors apparently have not made any visible change. They issued no directives to improve management and on the contrary, retained their old organizational structure in a conservative and sluggish manner.

I would like to cite a small example. Although Resolution 6 emphasized the importance of enterprises' financial and business autonomy, the withdrawal of cash at certain district banks for payment of salaries, awards, labor expenses and for purchasing of material supplies still ran into many difficulties and caused delay.

Another noteworthy instance was the case of an enterprise whose cash withdrawal for payment of salaries was deducted 10 percent across the board by the bank for a so-called voluntary saving fund. The enterprise did not really understand but dared not "complain too loudly" lest to be "penalized." But the incident obviously dealt a blow on their enthusiasm in production.

To carry out the Party's resolution well, a uniform change is needed from the highest management level to intermediary levels, base units and enterprises. This is the only way to create strength and to achieve great results.

9458
CSO: 4209/215

CONSUMER'S OPINION ON HOLIDAY LIQUOR

Hanoi HANOI MOI in Vietnamese 29 Dec 84 p 3

[Text] As in previous years, on the occasion of the lunar New Year, the commerce sector has made available over 1 million bottles of liquor for distribution to families and other needs. In terms of the liquor commodity, the present problem lies primarily in bottles. If there are not enough bottles, liquors have to be ladled out, their quality and quantity cannot be assured, and they may be easily mixed or diluted.

To overcome the bottle problems, many stores buy back empty bottles from customers, but there are still not enough bottles. Meanwhile, lots of empty bottles remain unretrieved in families.

What should be done to get enough bottles on the occasion of the New Year? Besides the re-purchasing of 0.65-liter bottles, the commerce sector will sell liquor to consumers with returned bottles. The buyer with bottles responding to correct specifications will be credited 13 dong for each. If this can be done well, a significant number of bottles will be bought.

In developed industrial countries, a wide variety of bottles is used but use of returnable bottles and recycling have become accepted, common practice. In our country, based on this activity during the holiday, we need to generalize the re-purchase of bottles in order to save money for society.

As we talk about holiday liquors, I would like to remind everyone of swindlers who buy empty bottles and fill them with counterfeit liquors. This is cheating the buyer and stealing from him to make dishonest profit. Moreover, this is detrimental to the consumers' health and must be deterred and sternly dealt with.

9458
CSO: 4209/215

AGRICULTURE

BRIEFS

MORE FAMILIES TO NEZ IN LAMDONG--Last November, Hanoi NEZ in Lam Dong Province has received 584 families including 2,146 persons who will build a new home there. As soon as they arrived, the new settlers immediately stabilized their living quarters and started production. At the Dan Phuong 3 cooperative, they transplanted 7 hectares of water rice and reached an output of 2.2 tons per hectare. Certain families harvested 3.7 tons per hectare. Each of the newly created Hoai Duc 2, Phuc Tho 2 and Dan Phuong 2 cooperatives reclaimed 20 to 25 hectares of land and their outputs were from 2 to 4 tons. Encouraged by the initial results, the newcomers continued to reclaim marshy wastelands to transplant winter-spring rice. The new cultivated area doubled that of the summer-fall crop. In past months, the VCP Committee and the NEZ Building Committee of Lam Dong Province, in cooperation with cooperatives, have formulated resettlement plans including land preparation, settlers' requirements, production plans, seeds, fertilizers and other items of prime necessity. The plans aimed at assisting new settlers to stabilize their lives and allowing them to devote their full energy in making their living. In 1984, Hanoi NEZ in Lam Dong received the largest number of settlers since its creation. [Text] [Hanoi HANOI MOI in Vietnamese 13 Dec 84 p 3] 9458

CSO: 4209/215

HEALTH, EDUCATION AND WELFARE

BRIEFS

LETTER ON SOCIAL ILLS--A letter by Minh Vuong, level 3 student in Thu Duc on social ills at Thu Duc's afternoon market notes that: "At the afternoon market (Thu Duc intersection), there still are many adults playing Chinese chess with bets. This is a disguised form of gambling that sets a bad example for all, even children. They make bets uninterruptedly, sometimes from morning to afternoon (chiefly at noontime and on Sundays). The bets range from 20 to 200 dong. At the same place, there are also a lottery writer and a seller of heroin. The lottery writer loafs around to accept wagers. /I do not know/ how much the stakes are, but certain persons must sell all their furniture to play. The lottery writer is also the provider of heroin for a number of clients. I am aware of a movement to eradicate social ills at many places in the city. But at my place, those ills are not resolutely dealt with. And those crooks who earn their lives illegally continue to live carefree. I hope our people in the sector and the local authorities will soon erase these ills and start a plan to build a healthier lifestyle." /Text/ /Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 3 Nov 84 p 1/ 9438

CSO: 4209/197

POPULATION, CUSTOM AND CULTURE

COLLECTIVE WEDDING OF FORMER PROSTITUTES DISCUSSED

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 26 Oct 84 p 2

/Article by Le Phu Khai, permanent correspondent of the Voice of Vietnam in Tien Giang: "After the Biggest Wedding in Tien Giang"/

/Text/ In its Sunday edition of 27 March 1983, the daily NHAN DAN ran an article titled, "The Biggest Wedding in the Country." The opening paragraph of the article read: "The Tien Giang newspaper called it the biggest wedding of the province. We may say that it was the biggest of the country. We are talking about the most sumptuous wedding, and primarily of its profound meaning, of 21 couples at Tan Lap Farm in Tien Giang Province, on a day close to the Qui Hoi New Year. The marriage ceremony was sponsored by the chairman of the province, and in attendance were the chairman of the provincial propaganda and training committee and almost all the heads of sectors in the province. The families of all the brides and grooms were present. The whole farm came. Every groom was well dressed and every bride wore a bright colored long dress and held a bouquet of white flowers. Firecrackers burst in unbroken sound. It was a festival in the true sense of the word!"

The writer had the good luck to be present at that big and unique wedding. Two years have elapsed. Recently, I had the opportunity to return to Tan Lap and the following is the continuation of the story. The Tan Lap New Land Farm has built 21 small thatched houses (that are connected together as on a city street) for those 21 couples of workers. Each house was allotted over a cong /1,000 m^2/ of land for cultivation. Many couples had children. I had the chance to witness little moments of happiness right in those small houses. It was a sunset time. A young mother carried her baby in her arms and waited for her husband. /He was late because/ after a day's work, he still /had the energy/ to invite a neighbor to empty a small pond to catch a few anaban and catfish. Their cheerful mood in dividing the catch warmed up the atmosphere and /seemed to alleviate/ the vastness and isolation of that alkaline and uncultivated land at dusk.

Tan Lap Farm was initially designed to reclaim wasteland from an area northwest of the province bordering Dong Thap Muoi. Along with several other farms in the area and after many years of hard work and of struggling with an alkaline and depleted soil, Tan Lap has found a method of planting pineapple successfully. In 1982, the farm's income was over 1 million dong and it paid 160,000

dong interest to the state. The province had the initiative to bring a number of "mistaken" women /former prostitutes/ to work at the farm after they had completed a re-education course at the Women-For-Tomorrow School of the Department of War Invalids and Social Welfare. The women were prepared to become official workers of the farm. After the transfer and after enjoying all benefits as regular farm workers, many women have actually become useful workers; especially, many turned out to be champions in pineapple planting and care. And real happiness has come to them. The wedding reported above was the evidence of happiness built on that unclement land in the lives of those girls whose lots had known nothing but vicissitudes and misfortune.

More recently, on 6 October 1984, Tan Lap Farm again celebrated the arrival of 45 additional women from the Women-For-Tomorrow School. The deputy chairman of the province in charge of the agricultural block and many other leading cadres, who had come earlier, welcomed the women with the leadership of the farm.

Up to now, that was the eighth time that the farm welcomed "future brides." They totaled 365. AP BAC NEWS, the voice of the Tien Giang Party Organization, in its 12 October 1984 issue, reported: "After nearly 2 hours of sitting in the farm's 'tec' /untranslatable/, in the trip from My Phuo Tay to Tan Lap and although it rained heavily, 45 women of the Women-For-Tomorrow School, neat in their dresses with creases still intact, with immaculate white hats and colorful slippers, sang cheerfully."

Almost 10 years after the liberation, that was the way the Tien Giang's party organization and people in particular, and our whole country's party organization and people in general solved the leftover social ills. This writing suddenly reminds me of a Western newsman who illustrated as follows the future of South Vietnam after the American withdrawal: "South Vietnam will collapse because of the departure of 500,000 tourists in uniforms!"

Exactly! The South Vietnam of the puppet Thieu-Ky regime would crumble because those who "served" the departed 500,000 tourists in uniforms were out of jobs. But the South Vietnam under the new regime...I wish I were able to invite my colleagues, the Western newsmen, for a visit to Tan Lap Farm today!

9458
CSO: 4209/197

CHRONOLOGY

CHRONOLOGY 16 OCT-15 NOV 84

Hanoi VIETNAM COURIER in English Dec 84 p 27

[Text] October

17. Vientiane: Holding of the first conference of the sub-commission for cooperation in communications and transport between Vietnam, Kampuchea and Laos.

19. A delegation of the Congolese Party of Labour, led by Jacques Nicolas Mvononze, Secretary of the Party Central Committee in charge of propaganda and agitation, pays a friendship visit to Vietnam.

--Hanoi: Signing of an agreement on goods exchange and payment for 1985 between Vietnam and Mongolia.

22. A delegation of the People's Chamber of the German Democratic Republic, led by Erich Muckenberger, Political Bureau member of the Central Committee of the Socialist Unity Party of Germany, and head of the Party Central Control Commission, pays an official visit to Vietnam.

--Holding in Hanoi of a seminar on "Vietnam and UNICEF" to promote cooperation between Vietnam and this international organization.

23. Warsaw: Holding of the 9th session of the Commission for Economic and Technological Cooperation between Vietnam and Poland.

24. On the occasion of United Nations Day (Oct. 24), Chairman of the SRV Council of Ministers Pham Van Dong receives representatives of various international organizations in Hanoi.

25. Hanoi: Chairman of the Council of Ministers Pham Van Dong receives French historian Charles Fourniau, General Secretary of the France-Vietnam Friendship Association.

27. A Vietnamese Party and Government delegation, headed by Nguyen Dinh Tu, member of the Communist Party of Vietnam Central Committee and Minister of Higher Education and Secondary Vocational Education, leaves for Algiers to attend the celebrations of Algeria's 30th National Day.

--Hanoi: Signing of a protocol on goods exchange and payment for 1985 between Vietnam and Laos.

--The Secretariat of the Communist Party of Vietnam issues a directive on pushing vigorously the drive for a new lifeway, the elimination of superstitions and social evils, and the elimination of reactionary cultural trash.

28-29. Havana: Opening of the 39th session of CMEA. A Vietnamese Government delegation, led by To Huu, Political Bureau member of the Communist Party of Vietnam and Vice-Chairman of the Council of Ministers, attends the session.

--Vietnamese Minister of Foreign Affairs Nguyen Co Thach pays an official friendship visit to the Soviet Union. On behalf of the SRV Council of State, he confers the Ho Chi Minh Order on A.A. Gromyko, member of the Political Bureau of the Central Committee of the CPSU, First Vice-Chairman of the Council of Ministers and Minister of Foreign Affairs of the USSR, on the occasion of his 75th birthday.

29. A spokesman for the SRV Ministry of Foreign Affairs issues a statement rejecting the erroneous UN resolution on the so-called "Kampuchea issue".

November

1. The SRV Council of Ministers decides that three days of mourning be observed throughout the country for the late Indian Prime Minister Mrs Indira Gandhi.

--High-ranking Vietnamese Party and State leaders pay their last tribute to the late Indian Prime Minister Mrs Indira Gandhi at the Indian Embassy in Hanoi.

2. A delegation of the SRV Council of State, headed by President Truong-Chinh, leaves for New Delhi to attend the funeral of the late Indian Prime Minister Mrs Indira Gandhi.

3. A commemorative ceremony for the late Indian Prime Minister Mrs Indira Gandhi is held in Hanoi.

7. Hanoi: A grand meeting is held to celebrate the 67th anniversary of the Great Russian October Revolution.

9-10. Two successive days of heavy rains on Nghe Tinh province and northward up to the Red River delta cause great damage to rice and other crops, and property (560 mm. of precipitation in Hanoi). This is the heaviest rainfall at this period of the year for nearly 100 years.

10. Nguyen Duc Tam, Political Bureau member and Secretary of the Communist Party of Vietnam Central Committee, pays a friendship visit to the Soviet Union.

12. The USSR Supreme Soviet delegation, headed by V.I. Dolgikh, deputy to the USSR Supreme Soviet, alternate Political Bureau member and Secretary of the CPSU Central Committee, pays an official friendship visit to Vietnam.

13. Vietnamese Foreign Trade Minister Le Khac visits the Republic of India.

14. Chairman of the Council of Ministers Pham Van Dong receives Professor Marcel Autret, Honorary Director of the Nutrition Department of FAO.

--Berlin: The Dietz Publishing House under the Central Committee of the Socialist Unity Party of Germany makes a token presentation to Vietnam of the Vietnamese translation of the 6-volume Selected Works of Karl Marx and Frederick Engels.

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1 APRIL 85